

FOR DISCUSSION PURPOSES ONLY

**CORNERSTONE HOUSING™ INITIATIVE**

**POLICY DISCOVERY & INSIGHT GUIDE:**

Accessory Dwelling Units  
Applying Systems Thinking

Images/Graphics:

ADU photos (at least two types—attached + detached).

Habitat Orlando/Osceola logo

Face the Housing Crisis logo

Inside Front Cover (bottom/small type)

DISCLAIMER

This is one in a series of discovery and educational guides. Information presented in the series and this document is intended to foster shared understanding and highlight the value of evaluating policies through a systems thinking approach. Inclusions or omissions should not be construed as endorsements, recommendations, or rejections of any particular policy or approach. The views and opinions expressed or implied within this document are not intended to express those of Habitat for Humanity of Greater Orlando & Osceola County, its board of directors, or any of its delegate reviewers.

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Letter from CEO

Dear Reader,

I am pleased to introduce the first in a series of policy briefs emerging from Habitat for Humanity Greater Orlando & Osceola County's Cornerstone Housing™ initiative, which is dedicated to facing the housing crisis through systems thinking. As we work to build a collective action approach to champion innovative housing solutions, our goal is to analyze and refine existing policies, such as the promotion of accessory dwelling units (ADUs), by introducing a holistic perspective that reveals the broader system at play.

In this series, we extend our commitment to establishing shared understanding among diverse stakeholders. By looking at the interconnected factors that shape housing outcomes, we can uncover the underlying dynamics often hidden by short-term, isolated solution development. This approach helps identify leverage points—critical areas where targeted interventions can lead to meaningful, long-term improvements.

This first brief explores the potential of ADUs as part of a broader portfolio of solutions to the housing crisis. While ADUs are widely seen as a valuable tool, systems thinking helps us pinpoint barriers and opportunities to optimize their effectiveness and reach. Our insights aim to enhance even the most well-supported policies by revealing areas for greater efficiency, collaboration and sustainability.

As the Cornerstone Housing™ initiative expands and accelerates, your investment in reading this brief as part of the work to establish shared understanding will prove invaluable. In the next phase of collaborative community discussions, the ideas explored in this brief and throughout the series will serve as a foundation for scenario planning and community charrettes in 2025. There is much work to be done. Together, we can Face The Housing Crisis™.

Sincerely,

[Catherine sig]

Catherine Steck McManus

President & CEO

Habitat for Humanity Greater Orlando & Osceola County

## INTRODUCTION

Central Florida's housing crisis presents a complex challenge that requires innovative and holistic solutions. This series of policy briefs aims to inform stakeholders and establish a shared understanding of various housing policies, examining each through the lens of systems thinking. By focusing on different policies, we seek to foster a comprehensive dialogue among stakeholders, highlighting the multifaceted nature of housing issues and promoting collaborative approaches to address them effectively.

In the context of Central Florida's affordable housing crisis, accessory dwelling units (ADUs) are particularly relevant for several reasons. The region faces a significant shortage of affordable housing options, with rising home prices and rents outpacing income growth. This shortage creates a barrier to homeownership and affordable rentals for many residents. Additionally, Central Florida has a growing number of aging residents who could benefit from ADUs by either downsizing into a smaller unit on their property or having space for caregivers. Furthermore, there is an increasing demand for flexible housing options that can accommodate multigenerational families, young professionals, and low-income individuals. ADUs offer a potential solution by providing more affordable rental units and increasing housing density without significantly altering neighborhood character.

Generally speaking, ADUs are secondary housing units located on the same property as a primary residence. They come in various forms, each offering unique benefits and considerations.

Detached ADUs are stand-alone units separate from the main house, such as backyard cottages or small homes. Detached ADUs provide complete independence and privacy for occupants while maintaining the primary residence's character. They are ideal for multigenerational living or as rental properties.

Attached ADUs are connected to the main house but with separate entrances, like basement or garage apartments. Attached ADUs offer a balance between privacy and convenience, making them suitable for family members or renters who desire proximity to the main household without sharing the same living space.

Converted spaces are ADUs in existing spaces within the main house, such as attics, basements, or garages, repurposed as independent living units. This approach maximizes the use of available space without expanding the property's footprint. Converted spaces can be a cost-effective way to create additional housing, though they may require significant renovation to meet building codes and standards.

ADUs, in their various forms, offer one potential solution to the housing crisis by providing more affordable rental units and increasing housing density without significantly altering neighborhood character.

The region has a growing number of aging residents who could benefit from ADUs. Many older adults prefer to downsize into smaller, more manageable living spaces but still want to remain in their communities. ADUs provide a perfect solution for seniors who wish to live independently while staying close to family. Additionally, ADUs can serve as housing for caregivers, enabling older adults to age in place with the necessary support.

At the other end of the spectrum, young professionals seeking affordable rental options may find ADUs appealing due to their typically lower rental costs compared to traditional apartments, while homeowners can generate rental income to offset their mortgage payments or other expenses. For example, Portland, Oregon, which has a robust ADU program, has seen significant affordability benefits. Homeowners renting out ADUs often charge below-market rents, providing affordable housing for individuals and families who might otherwise struggle to find suitable accommodations. Studies have shown that ADUs can rent for

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approximately 15-30% less than conventional apartments, making them a viable option for low- and moderate-income renters.

Similarly, multigenerational families can use ADUs to provide separate living quarters for extended family members, enhancing family cohesion while maintaining privacy.

Several municipalities in Central Florida have implemented or are considering ADU policies to address the housing crisis. For example, Orange County and cities such as Orlando and Winter Park have updated their zoning codes to permit ADUs in various residential zones, leading to a gradual increase in the number of ADUs being built.

This flexibility is particularly valuable in dynamic housing markets where household compositions and needs can change rapidly. ADUs can be adapted for various purposes over time, from rental units to housing for relatives or even home offices.

While the potential benefits of ADUs are significant, their implementation has been slow due to various challenges:

Regulatory barriers, such as restrictive zoning laws, building codes, and permitting processes can make it difficult for homeowners to build ADUs. For instance, in many municipalities, the process of obtaining the necessary permits and meeting building code requirements can be lengthy and expensive. This regulatory complexity discourages homeowners from pursuing ADU projects, thereby limiting the potential increase in housing supply.

Community opposition reflects concerns about increased density, parking issues, and changes to neighborhood character that often lead to resistance from local residents. NIMBYism (not in my backyard) is a common challenge, with residents fearing that ADUs will disrupt their community's aesthetics and infrastructure. Effective community engagement and education are essential to addressing these concerns and building broader support for ADU policies.

The cost of constructing an ADU can be prohibitive for many homeowners, and financing options may be limited. Constructing a detached ADU can cost anywhere from \$100,000 to \$200,000, depending on the location and design. Homeowners may struggle to secure financing, particularly if they have limited equity or face other financial challenges. Some regions have introduced financial assistance programs to help offset these costs, but broader access to affordable financing is needed.

Despite these challenges, ADUs are growing in popularity as a housing solution. However, for ADUs to have the significant impact proponents champion, it is necessary to address these regulatory, financial and social barriers. By understanding and addressing these systemic issues, stakeholders can work together to overcome obstacles and realize the full potential of ADUs as part of a comprehensive housing solution in Central Florida.

This policy brief on ADUs provides an in-depth analysis of the current landscape, challenges and opportunities associated with ADU development. Readers are encouraged to consider multiple perspectives, understand the various viewpoints of stakeholders, and use the shared understanding to pinpoint key leverage points within the housing system. Applying systems thinking can help develop innovative solutions that address the root causes of housing challenges rather than just the symptoms. By engaging with this policy brief, stakeholders can work collaboratively to create more inclusive, affordable and resilient housing solutions for Central Florida.

CONTEXT: HOUSING & SYSTEMS THINKING

To address the affordable housing crisis in Central Florida, policymakers must move beyond surface-level solutions and engage with the problem in its full complexity. Housing markets are not isolated, self-contained systems but are deeply interconnected with social, economic, and political forces. By applying a systems thinking approach, we can begin to see the broader context in which new and long-standing policy solutions alike can be improved to enhance their role as part of a holistic solution.

At its core, systems thinking encourages us to recognize the interconnectedness of elements within a system. In the case of housing, this means understanding that shifts in one domain—such as financing structures, public policy, or land use regulations—inevitably create ripple effects across others. Each of these sub-systems influences and is influenced by the others. For example, housing outcomes shape broader economic outcomes, such as consumption patterns, wealth distribution, and regional development. This relationship anchors the belief that housing is the cornerstone of community progress.

The introduction of ADUs into the affordable housing landscape can thus be seen as one piece of an evolved system, whose success depends on how well it interacts with existing market conditions, governmental incentives, and community needs.

One of the fundamental principles of systems thinking is the concept of feedback loops, which serve to either reinforce or counterbalance changes within the system. When effectively designed, ADUs can initiate positive feedback loops, creating self-reinforcing cycles that generate long-term affordability. For instance, as ADUs are built, they can reduce pressure on existing housing stock, stabilize rental markets, and make additional investments more viable. Yet, systems thinking also cautions us about potential negative feedback loops, such as the risk of gentrification or the erosion of affordability over time, if policies are not structured to protect long-term affordability.

Equally important in the systems thinking framework is the identification of leverage points—those areas within a system where targeted interventions can have outsized effects. In the case of ADUs, these leverage points might include flexible design standards, integrated policy solutions (such as combining financial incentives and regulatory changes), and infrastructure planning. By focusing on these high-impact areas, policymakers can amplify the positive outcomes generated by ADUs and drive substantial, systemic change.

However, it is not enough to simply identify leverage points; the housing market is dynamic, constantly evolving in response to economic shifts, demographic trends, and policy changes. Systems thinking, therefore, emphasizes the importance of adaptability—the ability of policies and institutions to learn from their outcomes and make adjustments over time. In this context, ADU policies must be designed with mechanisms that allow development to adapt to shifting market conditions, ensuring that a mission to provide affordable housing remains sustainable even as broader economic conditions change.

As we evaluate the role of ADUs in Central Florida, systems thinking offers a framework that not only deepens our understanding of how ADUs function but also highlights the complexity of the housing crisis itself. It allows us to see beyond individual policies or isolated projects and encourages a broader view—one that takes into account the interdependencies of financing, regulation, community engagement, and long-term sustainability. This holistic perspective is critical to crafting solutions that not only address the immediate need for affordable housing but also create conditions for long-term stability and equity in the housing market.

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### The Challenge and Importance of Systems Thinking

In applying systems thinking to ADU development, we can better appreciate how these small spaces fit into the broader housing ecosystem and how their success depends on thoughtful design and sustained public support. Rather than treating ADUs as a silver bullet solution, systems thinking invites us to see them as part of a dynamic, interconnected strategy to address housing affordability—a strategy that must remain flexible, responsive, and adaptive to the changing needs of Central Florida's communities.

Systems thinking offers a unique lens for understanding complex, interconnected problems like the affordable housing crisis, but it also presents a significant challenge for those accustomed to more traditional, linear approaches to problem-solving. The primary difficulty lies in the fact that most of us, consciously or unconsciously, see the housing system only from the vantage point of our specific roles within it—whether we are homeowners, renters, policymakers, developers, or investors. This "role bias" shapes how we interpret the dynamics at play, often leading us to prioritize the parts of the system that most directly benefit us, without recognizing how other parts of the system may be suffering or how our actions might inadvertently exacerbate the problem.

The true difficulty in adopting systems thinking is that it requires stepping outside the very system we are embedded in to see its broader dynamics, interdependencies, and flaws. This kind of self-awareness and detachment can be exceptionally difficult because it forces us to challenge our assumptions and biases about how the system operates and who benefits from it. As Einstein famously observed, "We can't solve problems with the same tools or thinking that created them." In the context of housing policy, this means that we cannot address the crisis using the same fragmented, piecemeal approaches that led to it in the first place. Instead, systems thinking demands that we view the housing market as a whole and explore how the various parts—financing, land use, government regulation, community needs—interact, sometimes in ways that are counterproductive.

Traditional collective action initiatives often struggle to bring about real systems change precisely because the participants involved dig in to preserve the parts of the system that benefit them. This tendency is natural, as stakeholders tend to focus on protecting their vested interests, whether that means securing profits, maintaining control over land use, or preserving certain policy preferences. However, this very instinct to protect the status quo can blind us to how our historical preferences and entrenched policies might actually be contributing to the problem. For instance, exclusionary zoning laws or narrowly focused subsidy programs may serve the immediate interests of one group but ultimately harm the system as a whole by limiting affordable housing supply or creating inequities.

This is where systems thinking becomes crucial—it encourages a more holistic understanding of how each participant's actions, however well-intentioned, might ripple through the system and create unintended consequences. For housing policy to truly evolve, stakeholders must be willing to step outside their own interests and examine the housing system from multiple angles. They must be open to the possibility that their past preferences, however successful they may have seemed, might need to change in order to solve the deeper systemic problems that plague the housing market today. Only by adopting this broader perspective can we cut the Gordian Knot of causes and effects that perpetuate housing instability and inequality.

The shift to systems thinking is not easy, but it is essential if we are to move beyond short-term fixes and toward long-term, sustainable solutions that address the root causes of the affordable housing crisis.

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### POLICY FOCUS: ACCESSORY DWELLING UNITS (ADUs)

Accessory dwelling units (ADUs) are increasingly seen as a viable solution to address the housing shortage by leveraging existing residential land and housing stock to address affordability, density and the growing need for diverse living arrangements. ADUs are secondary housing units located on the same lot as a primary residence and can take various forms, including detached units (e.g., backyard cottages), attached units (e.g., garage apartments), or converted spaces within the main residence (e.g., basements or attics).

ADUs represent a flexible, scalable approach to increasing housing supply without radically altering the character of existing neighborhoods. They provide a way to gently increase density in residential areas while also offering a pathway to affordability for both homeowners and renters. By allowing homeowners to build or convert space into a separate dwelling, ADUs can meet multiple housing needs, from multigenerational living to providing lower-cost rental units for single individuals, couples, or small families.

#### The role of ADUs in alleviating the housing shortage

Building ADUs allows for the creation of additional housing units without the need for large-scale developments, which can strain local infrastructure or face resistance from communities concerned about drastic changes to neighborhood character. ADUs are especially valuable because they can be implemented incrementally—homeowners can build units as needed, and the cumulative effect is a meaningful increase in housing availability. In areas like Central Florida, where both population growth and housing demand are rising rapidly, ADUs can be part of a broader strategy to ease housing pressure.

One of the key strengths of ADUs is their flexibility. They can serve various housing needs, from providing rental income to homeowners to offering affordable housing options for tenants. For homeowners, building an ADU can generate supplemental income that helps cover mortgage payments, property taxes or other expenses, which is particularly beneficial for those on fixed incomes, such as retirees. At the same time, ADUs provide affordable rental options for individuals and families who may not be able to afford a traditional single-family home.

For renters, ADUs offer smaller, lower-cost alternatives in residential neighborhoods, often with more privacy and better amenities than traditional apartment complexes. This makes ADUs an appealing option for young professionals, students or elderly individuals seeking independent living arrangements close to family members.

#### Barriers to widespread adoption

Despite their potential, several challenges limit the widespread adoption of ADUs as a solution to the housing crisis. Zoning laws, permitting requirements and community opposition often create significant barriers for homeowners who wish to build ADUs. Many municipalities, including those in Central Florida, have restrictive zoning regulations that limit the construction of secondary units on single-family lots. Local codes may include minimum lot size requirements, stringent design guidelines, or parking requirements.

Permitting processes can also be cumbersome and costly, deterring many homeowners from pursuing ADU construction. Even where the regulatory framework permits ADUs, the high cost of construction—particularly in regions with rising land and labor costs—can prevent widespread development, especially for lower- and middle-income homeowners.



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Community opposition, often driven by concerns about increased density, traffic and changes to neighborhood character, also presents a significant challenge. Homeowners in some areas are resistant to any form of densification, fearing that ADUs will negatively impact property values or strain local infrastructure.

Applying systems thinking: The importance of establishing shared understanding

Addressing the housing crisis is a wicked problem, characterized by its complexity, interconnectedness, and the diverse interests of stakeholders involved. Solutions to such problems cannot be addressed in isolation; they require an understanding of the entire housing system and the ways in which its various parts interact. Systems thinking is a powerful framework for understanding these dynamics, as it encourages policymakers and stakeholders to examine not just the symptoms of the housing crisis, but the underlying structures and relationships that give rise to them.

At the core of systems thinking is the concept of shared understanding—the process of creating a common language and perspective among all stakeholders. In the housing system, where the actions of one group can have profound effects on others, establishing this shared understanding is crucial. It allows stakeholders to see the housing system as a whole, appreciate its complexities, and recognize the unintended consequences of siloed solutions. When stakeholders—homeowners, renters, local government officials, community organizations, and the real estate and construction industry—come together with a common understanding of the challenges and opportunities within the housing system, they are more likely to craft integrated solutions that address the root causes of the problem, not just its surface-level symptoms.

One of the key tools to facilitate this shared understanding is stakeholder analysis. This method allows stakeholders to examine their own perspectives and those of others in the system. By understanding each group's needs, concerns and influence, stakeholder analysis helps identify common goals and areas of conflict, making it easier to align efforts and pursue collaborative, sustainable housing solutions. The following section will explore the perspectives of key stakeholders in the housing system—homeowners, renters, local government, community organizations (e.g. local nonprofits), and the real estate and construction industry—and emphasize the importance of fostering common ground to create an effective solution portfolio.

[NOTE: An infographic type illustration, perhaps in the shape of a pentagon, might be the best way to organize the “shareholder perspectives” content resulting from stakeholder analysis. This illustration can be further summarized by presenting summary bullets in table form.]

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### Stakeholder perspectives

Understanding the perspectives of all relevant stakeholders is crucial for effectively addressing the affordable housing crisis through the implementation of ADUs. Each stakeholder group has distinct goals and objectives, shaping their views on ADUs and influencing the success of policy changes that may be considered.

#### Homeowners

##### Benefits:

**Additional income:** Renting out an ADU provides supplementary income, helping to offset mortgage payments, property taxes and maintenance costs.

**Flexible living arrangements:** ADUs can accommodate aging parents, adult children, or caregivers, promoting multigenerational living.

**Property value enhancement:** ADUs can increase the overall value of the property by adding rentable units.

##### Concerns:

**Neighborhood opposition:** In addition to fears of triggering increases in property taxes, increased density created by ADUs can lead to more traffic, parking issues and noise, altering the character of neighborhoods.

**Construction costs:** The substantial upfront investment required to build an ADU can be a significant barrier.

**Regulatory hurdles:** Navigating the regulatory and permitting processes can be daunting and time-consuming. Collecting rental income from an ADU has regulatory implications for Florida homeowners who receive the homestead property tax exemption.

#### Renters

##### Benefits:

**Affordable housing:** ADUs tend to be more cost-effective than traditional rental units, making them accessible to lower-income individuals.

**Independence:** ADUs provide a stable and independent living environment.

**Access:** Proximity to schools of choice, jobs and amenities can improve quality of life.

##### Concerns:

**Quality and maintenance:** The condition of ADUs can vary significantly depending on the homeowner's commitment to upkeep.

**Privacy:** Living in close proximity to the primary residence may raise privacy concerns.

**Safety:** Related to quality and maintenance, poor quality ADUs may create health or safety issues.

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### Neighbors (nearby homeowners):

#### Benefits:

Enhanced property values: ADUs can increase the overall property values in a neighborhood by modernizing homes and making the area more attractive to potential buyers.

Increased housing availability: ADUs contribute to the overall housing supply, potentially reducing housing pressure in the community and providing options for family members or friends seeking affordable, close-by housing.

Neighborhood stability: ADUs may allow aging residents or younger family members to stay within the community, fostering a sense of continuity and stability created through stronger social bonds between neighbors.

More walkable, vibrant communities: Higher density can lead to more walkable neighborhoods, when an increasing population supports local businesses and community amenities such as public transportation options.

#### Concerns:

Parking and traffic congestion: Additional residents in ADUs may increase parking demand and lead to traffic congestion in residential areas that were not designed for higher-density living.

Impact on neighborhood character: Some fear that the addition of ADUs will alter the aesthetics and atmosphere of their neighborhood, particularly if the units are not designed in harmony with the existing homes. Concerns over overcrowding or a shift in neighborhood demographics could create resistance.

Noise and privacy issues: With more people living in close proximity, noise and privacy could become issues for nearby homeowners, especially if ADUs are rented out to tenants rather than being used for family members.

Potential for overdevelopment: Unintended increase in density beyond what the neighborhood infrastructure (sewage, water, electrical, etc.) can handle, may lead to strain on services and long-term negative impacts on the quality of life.

### Local government

#### Benefits:

Increased housing supply: ADUs contribute to the overall housing stock, helping to alleviate shortages.

Efficient land use: ADUs make better use of existing infrastructure and land, supporting sustainable growth.

#### Concerns:

Balancing density and infrastructure: Increased density must be managed to ensure infrastructure and public services can support the additional population.

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**Political resistance:** Elected officials may face opposition from constituents who are against increased density.

**Regulatory enforcement:** Ensuring compliance with zoning laws and building codes can be challenging.

**Safety standards:** Ensuring ADUs meet health and safety standards is essential for protecting renters.

**Limited awareness and demand:** Government may need to invest in education and marketing to increase awareness and stimulate demand for ADU construction.

### Community organizations

#### Benefits:

**Affordable housing advocacy:** ADUs provide more affordable rental units, helping to address the housing crisis.

**Equity and inclusion:** Policies can be designed to ensure that ADUs contribute positively to community diversity and inclusivity. This has many possible meanings, including incentivizing a greater range of people to build ADUs or ensuring ADU rentals offer affordable housing.

#### Concerns:

**Tenant protections:** Ensuring that ADUs contribute to affordable housing without displacing existing residents is crucial.

**Quality standards:** Maintaining high standards of construction and maintenance for ADUs is essential.

### Real estate and construction industries:

#### Benefits:

**Economic opportunities:** ADUs stimulate demand for construction services, creating jobs and boosting the local economy.

**Property value increase:** ADUs can enhance property values by adding rentable units and increasing market appeal.

#### Concerns:

**Regulatory complexity:** Navigating complex zoning laws and permitting processes can be a barrier to ADU development.

**Construction costs:** High construction costs can deter homeowners from pursuing ADU projects.

**Market acceptance:** Ensuring that ADUs meet market demand and buyer preferences is crucial for success.

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### Financial institutions:

#### Benefits:

Increased lending opportunities: New avenues for home equity loans, personal loans, and construction financing.

Diversified loan portfolios: ADUs present an opportunity to expand lending portfolios by incorporating innovative products focused on smaller, more affordable housing options.

Sustainable community development: Green construction financing and contributing to long-term community growth and stability can meet expectations placed on financial institutions by the Community Reinvestment Act.

Increased property values and homeowner stability: Improved property values strengthen the collateral backing loans; a safer lending environment emerges with a higher likelihood of loan repayment.

#### Concerns:

Risk of default: Financing ADUs often requires large upfront capital investment, which could expose financial institutions to higher risks.

Unpredictable market for ADUs: The real estate market for ADUs is relatively new, and the profitability and demand may fluctuate, leading to uncertain valuation trends and risks for long-term lending strategies.

Regulatory barriers and market access: If local zoning laws and building codes remain restrictive or change unexpectedly, ADU projects could stall, causing financial losses for both homeowners and lenders.

Limited awareness and demand: Financial institutions may need to invest in education and marketing to increase awareness and stimulate demand for ADU-related financing products.

[Table: Stakeholder Perspectives on ADUs]

Column Headings: Stakeholder | Benefits | Concerns

**Homeowners**

Benefits: Additional income, flexible living arrangements, property value enhancement

Concerns: Neighborhood opposition, construction costs, regulatory hurdles

**Renters**

Benefits: Affordable housing, independence

Concerns: Quality and maintenance, privacy, safety standards

**Neighbors (nearby homeowners)**

Benefits: Balanced housing supply, stability, more vibrant and walkable neighborhoods, enhanced community amenities

Concerns: Traffic congestion, reduced appeal, noise and loss of privacy, infrastructure overload

**Local government**

Benefits: Increased housing supply, efficient land use

Concerns: Balancing density and infrastructure, political resistance, regulatory enforcement, safety standards, limited awareness and demand

**Community organizations**

Benefits: Affordable housing advocacy, equity and inclusion

Concerns: Tenant protections, quality standards

**Real estate/construction industry**

Benefits: Economic opportunities, property value increase

Concerns: Regulatory complexity, construction costs, market acceptance

**Financial institutions**

Benefits: Diversified and expanded loan portfolios, CRA credits, stabilized market

Concerns: Exposure to higher risk and lender education costs

## SYSTEMS ANALYSIS OF POLICY INTERVENTIONS AND OPPORTUNITIES

To realize the full potential of ADUs in addressing the housing crisis, policymakers must address possible barriers through thoughtful reforms and targeted interventions. Regulatory reforms are key to streamlining the ADU approval process and making it easier for homeowners to build. By easing zoning restrictions, simplifying permitting processes, and removing unnecessary design and parking requirements, local governments can create a more conducive environment for ADU development. For example, some municipalities have implemented "by-right" zoning for ADUs, which allows homeowners to build without needing special approval, reducing delays and uncertainty. Easing zoning restrictions is one step, but the first among many.

Financial incentives can also play a crucial role in promoting ADU construction from various sources, including lenders and governments. Offering grants, low-interest loans or tax credits can help offset the cost of building ADUs, making them more accessible to a broader range of homeowners. Special consideration can be given to low- and middle-income homeowners, who may need additional financial support to participate in ADU development.

Another critical intervention is community engagement. Policymakers must engage with communities to educate residents on the benefits of ADUs, address concerns about density and infrastructure, and foster greater acceptance of this housing option. Public outreach efforts, combined with transparent communication about the positive impacts of ADUs—such as increased affordability and support for multigenerational living—and possible negatives—such as the regulatory hurdles—can help reduce resistance and build community support.

The Cornerstone Housing™ Initiative and its facilitation of systems change introduces a path to a more supportive environment for ADU development, integrating it with other policy tools to create a portfolio that eases the region's housing crisis and provides more diverse, affordable housing options for all residents.

### System archetypes in ADU adoption: Understanding patterns of system failure

While ADUs present a promising solution to the housing crisis in Central Florida, the interaction of various stakeholders, existing policies, incentives and human behavior can create patterns of system failure that prevent widespread adoption. In the context of systems thinking, these recurring patterns are known as system archetypes, and they offer insight into the complex dynamics that perpetuate the housing crisis. By identifying and understanding these archetypes, the Cornerstone Housing™ Initiative pinpoints leverage points where targeted interventions can lead to significant positive change.

### How patterns of system failure emerge in housing systems

System archetypes emerge from the interconnected nature of housing systems, where the actions of one group or policy can have unintended consequences that ripple across the system. Stakeholders in the housing system—homeowners, renters, neighbors, local governments, developers, community organizations, financial institutions, and investors—all operate with differing objectives and constraints. These stakeholders interact with existing housing policies, financial incentives, regulatory frameworks, and the behaviors of individuals within the housing market, creating complex feedback loops that often reinforce existing problems rather than resolving them.

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The challenges of ADU adoption can be better understood through the lens of system archetypes, which reveal patterns of system failure. These archetypes illustrate how well-meaning interventions can lead to unintended negative outcomes and highlight leverage points where targeted actions can disrupt self-reinforcing cycles and redirect the system toward more favorable outcomes. By examining the housing system holistically, policymakers can identify these leverage points and craft more effective, long-term solutions.

### **Failure pattern 1: Fixes that Fail**

The Fixes that Fail archetype describes a scenario where short-term solutions appear to solve an immediate problem but ultimately produce unintended consequences that exacerbate the original issue. This pattern is prevalent in housing systems, particularly when policies focus on addressing short-term concerns—such as maintaining neighborhood aesthetics or limiting density—without considering the broader, long-term impacts on housing supply.

How it applies to ADUs

In response to concerns about maintaining neighborhood character, many municipalities impose strict zoning and design standards on ADUs. These standards, while addressing immediate aesthetic concerns, often make ADUs more difficult and expensive to build. As a result, fewer affordable units are created, exacerbating the housing shortage.

For example, research on Vancouver, Canada, revealed that design standards meant to preserve neighborhood aesthetics resulted in higher construction costs for ADUs, limiting their adoption despite increasing demand for affordable housing. This situation exemplifies how focusing on short-term fixes (in this case, neighborhood character preservation) can prevent the system from addressing the root issue: a lack of affordable housing.

Leverage point: Holistic and flexible policy design

A systems-thinking approach emphasizes the need to design policies that take into account the broader social, economic, and regulatory factors influencing housing. Rather than addressing only the symptoms of the housing shortage, systems thinking encourages policymakers to focus on the underlying causes—such as restrictive land use regulations and complex permitting processes—that are barriers to widespread ADU adoption.

One key leverage point is integrating flexible design standards. These standards can balance aesthetic concerns with the need for affordability by allowing cost-effective, simplified ADU designs that are easier and cheaper to construct. Additionally, streamlining the permitting process can reduce administrative burdens on homeowners, encouraging more ADU construction without compromising quality.

Let's examine two case studies:

Portland, Oregon, is widely recognized as a leader in ADU development due in large part to its streamlined permitting processes. The city took proactive steps to simplify the development of ADUs by temporarily waiving system development charges (SDCs) for ADU projects, significantly reducing the upfront costs for homeowners. This policy helped boost ADU applications, as homeowners no longer faced high development fees traditionally associated with new construction.



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The city has also offered a set of pre-approved ADU designs that meet local building codes. Homeowners can choose from these plans to expedite the review process, as they do not need to go through lengthy architectural and planning approvals. By simplifying its permitting process and reducing the financial burden on homeowners, Portland saw a sharp increase in ADU development. The number of ADUs permitted in the city rose dramatically after the implementation of these policies, making it one of the most ADU-friendly cities in the U.S.

In Santa Cruz, California, officials developed one of the nation's most successful ADU programs by implementing a streamlined permitting process that made it easier for homeowners to build by providing a comprehensive "ADU Toolkit" that includes pre-approved ADU designs, guidelines, and step-by-step instructions for homeowners. The city offers free consultations with architects and planners to help homeowners develop ADUs that meet the city's requirements.

Santa Cruz also established an expedited review process for ADU applications, which significantly shortens the time for permits to be approved. Homeowners using pre-approved designs can bypass certain steps in the review process, reducing the time and complexity involved in securing a permit.

Finally, Santa Cruz offers incentives to homeowners who commit to renting out their ADU at affordable rates, including fee reductions and expedited processing. Its comprehensive program has been highly effective in increasing ADU production. The city has become a model for other municipalities, demonstrating how simplifying the permitting process and offering design assistance can reduce administrative burdens, encourage ADU development, and increase affordable housing options.

### Orange County's recent ADU policy changes

Orange County, Florida, has allowed ADUs on residentially zoned properties since 2019. Orange County Government's "Ready Set Orange" program marks a significant step forward in promoting ADUs as a solution to the housing affordability crisis. The program simplifies the permitting process by providing pre-designed ADU floor plans, cutting costs, and reducing approval time for homeowners. It also aligns with the County's "Housing for All" initiative, which seeks to expand housing options and improve affordability.

"Ready Set Orange" tackles key barriers to ADU adoption, particularly permitting complexity and high costs. By offering pre-approved designs, Orange County removes a common obstacle for homeowners, reducing both financial and administrative burdens. This approach directly addresses the Fixes that Fail system archetype, which highlights the consequences of imposing restrictive policies to solve immediate concerns like zoning issues without considering long-term impacts on housing supply.

Pre-designed floor plans reduce regulatory bottlenecks and give homeowners an easier path to build, making ADU development a viable solution for those seeking affordable housing options. The streamlined process reduces administrative delays and costs, encouraging broader participation from a range of socioeconomic groups, which addresses affordability gaps and promotes more diverse neighborhoods.

By eliminating traditional barriers and making ADU development more accessible, Orange County sets an example for how municipalities can integrate streamlined processes with community-based initiatives to resolve the broader housing crisis.

## **System failure pattern 2: Shifting the Burden**

The “Shifting the Burden” systems archetype in housing policy emerges when short-term solutions are implemented to address immediate symptoms of a larger issue while leaving the root causes unresolved.

How it applies to ADUs:

In the context of ADUs, financial incentives like grants, tax breaks, or fee waivers may encourage some ADU development. However, without addressing deeper regulatory barriers—such as zoning laws, complex permitting processes, and infrastructure limitations—these short-term solutions only provide limited, temporary relief. To move beyond this archetype and achieve long-term, sustainable growth in ADU development, two key leverage points have been identified: regulatory reform and comprehensive policy solutions.

Leverage point: Simplifying zoning and permitting regulations to address root causes

One of the most significant barriers to ADU development is restrictive zoning and complex permitting processes. In many municipalities, outdated zoning laws do not allow for the easy construction of ADUs on single-family lots or impose cumbersome requirements such as minimum lot sizes, maximum height restrictions, or mandatory parking spaces. Additionally, permitting processes can be bureaucratically complex, involving multiple agencies and requiring substantial time and financial investment from homeowners. These regulatory burdens often deter homeowners from pursuing ADU construction, even when financial incentives are available.

Regulatory reform is a high-leverage point because it directly addresses the structural barriers to ADU development. By simplifying zoning laws and streamlining the permitting process, municipalities can create an environment where ADU development is feasible without relying heavily on short-term financial incentives. Instead of constantly adjusting financial supports, regulatory reform targets the root causes of the problem, making ADU development more accessible and predictable for homeowners.

Again, a brief case study illustrates a systems thinking approach:

Minneapolis, Minnesota, offers a valuable example of effective regulatory reform. As part of its comprehensive housing strategy, the city eliminated single-family zoning through its Minneapolis 2040 Plan. This reform allows for ADUs and duplexes to be built in areas previously zoned exclusively for single-family homes. By removing these zoning restrictions, Minneapolis made it easier for homeowners to construct ADUs without needing a variance or special approval.

In addition to zoning changes, Minneapolis also created standardized ADU guidelines that streamline the permitting process. Homeowners now face fewer regulatory hurdles, as the guidelines provide clear expectations for design, lot size and other requirements. As a result, homeowners have more certainty when pursuing ADU construction, and the city has seen a noticeable increase in ADU development.

Simplified zoning and permitting regulations allow homeowners to navigate the ADU development process more easily. This, in turn, reduces the reliance on financial incentives, as homeowners no longer face insurmountable regulatory barriers. Following the Minneapolis 2040 Plan, the city has experienced a surge in ADU and duplex construction, demonstrating the effectiveness of zoning reform in boosting housing

supply. Once zoning and permitting regulations are streamlined, the system can sustain growth in ADU development without the need for ongoing, reactive policy interventions.

#### Comprehensive policy solutions

While regulatory reform is critical, financial incentives still play an important role in promoting ADU development, especially for lower-income homeowners who may not have the capital to finance construction. However, financial incentives alone—without corresponding regulatory changes—can lead to a dependence on short-term fixes. Homeowners may take advantage of these incentives, but if the regulatory framework remains complex, the overall growth of ADU production will be limited. The result is a cycle where homeowners rely on subsidies or fee waivers to offset the burden of a cumbersome system, but the broader structural barriers remain unaddressed.

#### Leverage point: Integrating financial incentives with regulatory changes

A comprehensive policy solution that integrates both financial incentives and regulatory reform is a key leverage point for creating a holistic and sustainable ADU development framework. Financial incentives can help lower-income homeowners overcome the initial capital barriers to ADU construction, while regulatory changes simplify the development process for everyone. When these two elements are combined, the result is a system that supports widespread ADU adoption in a sustainable way, ensuring that ADU development is accessible to all homeowners, not just those with the financial resources to navigate complex systems.

Vancouver, British Columbia serves as a model for a comprehensive policy approach that combines financial incentives with regulatory reform. Vancouver introduced an innovative ADU program that included density bonuses and development fee waivers for homeowners who built ADUs or converted existing structures into rental units. To complement these financial incentives, Vancouver also streamlined its permitting process by creating pre-approved ADU designs and allowing ADUs in most residential zones without the need for a public hearing or special approval.

The integration of financial incentives with regulatory reform ensured that Vancouver's ADU program was accessible to a broad range of homeowners, including those from lower-income households. The program also encouraged homeowners to rent out their ADUs at affordable rates, which helped address the city's growing demand for affordable housing.

By offering financial incentives alongside regulatory reform, municipalities can ensure that ADU development is accessible to a wider range of homeowners, including those who might otherwise be excluded due to financial constraints. A comprehensive solution that combines regulatory changes with financial support eliminates the need to constantly introduce new short-term financial interventions. Instead, the system is designed to work efficiently, with financial incentives supporting, rather than compensating for, regulatory inefficiencies. Finally, financial incentives with regulatory reform ensures that ADU development is balanced across different income groups and neighborhoods, preventing the concentration of ADU production in wealthier areas.

#### Additional system failures summaries

Having illustrated the insights and solution paths that emerge from a detailed analysis of two system failure patterns, we introduce seven additional archetypes in short form summaries.

#### **System failure pattern 3: Relative Control**

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The “Relative Control” archetype arises when different actors within a system have varying degrees of influence, leading to unintended consequences because the party with less control over critical factors cannot manage the outcome effectively. In housing, this often occurs when one group (e.g., local governments) enacts policy, but another group (e.g., financial institutions) has control over necessary resources like funding, and these actors are not aligned.

How it applies to ADUs

While a local government can introduce policies to encourage ADU development by offering zoning flexibility and tax incentives to increase housing availability, financial institutions, which hold significant control over financing, may hesitate to offer loans to lower-income homeowners or ADU developers due to concerns about credit risk or fluctuating property values. Despite the government’s control over zoning, the policy is ineffective because financial institutions, which control the capital flow, are not fully engaged. This results in homeowners being unable to access the financing needed to build ADUs, blocking the policy’s intended outcomes.

Leverage point: Public-private partnerships for affordable financing

Government can partner with financial institutions to create special loan programs with lower risk for lenders. This could be achieved through government-backed loan guarantees or subsidy programs that incentivize banks to offer affordable financing. By aligning the interests of both the government and financial institutions, the leverage point reduces risk for lenders, making them more willing to support ADU construction, thus unlocking financing and helping homeowners.

A case study from San Francisco illustrates this dynamic.

The city partnered with a local credit union to launch an ADU loan program specifically for homeowners who were otherwise unable to access traditional financing. The city provided loan guarantees, reducing the risk for the credit union and encouraging investment in ADU construction. This partnership helped to overcome the financing barriers typically faced by lower-income homeowners. The program successfully enabled more homeowners to access affordable financing, leading to an increase in ADU construction and helping to alleviate housing shortages.

### **Failure pattern 4: Out-of-Control**

The “Out-of-Control” archetype occurs when a system or policy unintentionally spirals beyond the control of any single entity, creating unintended negative consequences. This can happen when a well-meaning policy leads to distortions in the housing market, with no stakeholder able to fully manage or rectify the situation.

How this applies to ADUs

In the case of ADU policies, system failure consistent with the “Out-of-Control” archetype can happen when a policy intended to promote ADUs results in unforeseen challenges that no stakeholder is able to fully manage, thereby undermining the original goals of the policy.

Imagine a comprehensive package introduced by local government is successful in significantly reducing zoning restrictions, waiving impact fees, and streamlining approval processes to incentivize homeowners to build ADUs. But the success of the new policies overwhelms the capacity for oversight. As more ADUs are constructed, the increased population density overwhelms the existing neighborhood infrastructure, such as roads, sewage systems, and public services.

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The rapid, unregulated growth of ADUs puts excessive strain on the community's infrastructure, leading to declining service quality and dissatisfaction among residents. The system becomes "out of control" as the city struggles to manage the increased pressure on infrastructure and public services, creating broader problems like traffic congestion, water shortages, and neighborhood decline. Neither the policymakers nor the local government can effectively manage the situation, resulting in an unintended housing crisis in areas that were meant to benefit from ADUs.

Leverage point: Infrastructure planning and capacity limits

Introducing a controlled and phased approach to ADU development by conducting infrastructure assessments and setting capacity limits for ADU construction in specific areas can prevent runaway growth and provide assurances to wary residents. Tying ADU development to infrastructure improvements—such as upgrading roads, sewage and utilities—ensures that the system can handle increased density.

By linking ADU approvals to infrastructure capacity, the city can prevent an out-of-control scenario where unchecked growth overwhelms existing resources. This approach ensures that development happens in a sustainable manner, and neighborhoods maintain their quality of life while still benefiting from additional housing.

Consider learnings from Portland's infrastructure-based ADU strategy:

The city implemented infrastructure planning alongside ADU policy reforms. While promoting ADUs to address housing shortages, Portland also conducted neighborhood infrastructure reviews to determine where ADU construction would have the most positive impact without overloading the community's resources. The city also introduced development fees tied to infrastructure improvements in high-demand areas. By integrating ADU policies with infrastructure planning, Portland was able to promote the growth of ADUs while ensuring that neighborhoods remained livable and that public services were not overstretched.

### **Failure pattern 5: Limits to Growth**

The Limits to Growth archetype illustrates how systems experience initial success but eventually plateau or decline due to constraining factors.

How it applies to ADUs:

In the context of ADUs, early policy changes or incentives may generate enthusiasm for ADU construction, but systemic constraints such as high construction costs, limited financing options, or infrastructure capacity issues can ultimately cap that growth.

While initial changes to zoning or the introduction of financial incentives can lead to a surge in ADU construction, this growth often slows as homeowners encounter high building costs, a lack of financing options, or inadequate infrastructure (e.g., outdated water and sewage systems) that cannot support increased density.

Case study:

Austin, Texas saw a spike in ADU development after a 2015 policy change. However, as homeowners began to face escalating construction costs and limited access to financing, the growth of ADUs plateaued.

Leverage points:

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- A. Infrastructure investment: Upgrading local infrastructure, such as water, sewage, and public transportation systems, is essential to sustaining long-term ADU growth.
- B. Expanded financing options: Providing affordable financing options for middle- and low-income homeowners can help overcome the financial barriers to ADU construction.

### **Failure pattern 6: Success to the Successful**

The Success to the Successful archetype describes a dynamic where resources and opportunities are disproportionately allocated to those who are already succeeding, further increasing the gap between the successful and the unsuccessful.

How it applies to ADUs:

In the context of ADUs, this archetype is reflected in the fact that wealthier homeowners with better access to capital and information are more likely to take advantage of ADU opportunities, while lower-income homeowners are left behind. Wealthier homeowners are more likely to build ADUs because they can afford the upfront costs and navigate the complex regulatory landscape. Meanwhile, lower-income homeowners, who could benefit most from the additional rental income that ADUs provide, often lack the financial resources or knowledge to participate.

Case study:

In Los Angeles, ADU development has been concentrated in wealthier neighborhoods, where homeowners are better positioned to finance construction and benefit from rental income, widening the gap between high- and low-income households.

Leverage points:

- A. Targeted financial assistance: Providing grants, low-interest loans, and technical assistance to low- and moderate-income homeowners can help level the playing field and ensure that ADU development benefits a wider range of residents.
- B. Inclusive education campaigns: Public outreach efforts targeting lower-income communities can raise awareness of ADU opportunities and available resources.

### **Failure pattern 7: Escalation**

The Escalation archetype occurs when actions by one group lead to counteractions by another, intensifying conflict and preventing progress.

How it applies to ADUs:

This dynamic is common in ADU adoption, where increased pressure to build more ADUs is met with escalating opposition from community members who fear changes to neighborhood density and character. As developers and homeowners advocate for more ADU construction, community members concerned about the impact of densification on property values, traffic, and neighborhood aesthetics often push back, leading local governments to impose stricter regulations. This creates a feedback loop of escalating conflict, where each side reacts to the actions of the other, hindering the ability to implement effective ADU policies.

Case study:

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In San Francisco, escalating opposition from community groups led to more restrictive ADU regulations, slowing the adoption of ADUs despite high demand for affordable housing.

Leverage points:

A. Community engagement: Engaging community members in open dialogue about the benefits of ADUs, such as increased housing affordability and opportunities for multigenerational living, can help reduce opposition and foster collaboration.

B. Balanced policy design: Policymakers can develop balanced regulations that address community concerns while still promoting the development of ADUs to meet housing needs.

### **Failure pattern 8: Tragedy of the Commons**

The Tragedy of the Commons archetype arises when individuals acting in their own self-interest collectively deplete or degrade a shared resource. In housing systems, this archetype can manifest when individual homeowners resist densification efforts to protect their own property values, leading to an overall shortage of housing options for the community.

How it applies to ADUs:

Homeowners may oppose the construction of ADUs in their neighborhoods because they fear it will negatively impact their property values or increase congestion. While these individual actions protect their short-term interests, they contribute to a broader housing shortage that affects the entire community, particularly low-income renters who are displaced due to a lack of affordable housing.

Case study:

In Seattle, resistance from homeowners led to delays in implementing ADU-friendly policies, exacerbating the city's housing shortage and increasing rents for vulnerable populations.

Leverage points:

- A. Public benefit messaging: Highlighting the collective benefits of ADUs, such as alleviating the housing shortage and reducing rent pressures, can help shift public opinion and promote collective action.
- B. Incentivizing cooperation: Providing financial incentives or tax breaks for homeowners who participate in ADU development can encourage cooperation and reduce opposition.

### **Failure pattern 9: Accidental Adversaries**

The Accidental Adversaries archetype occurs when well-meaning stakeholders unintentionally undermine one another's efforts, creating conflict and reducing the overall effectiveness of their actions. This can happen in ADU development when different branches of government or agencies pursue conflicting goals.

How it applies to ADUs:

Local government agencies may promote ADUs to increase affordable housing, but conflicting regulations from different departments—such as building codes or environmental reviews—can create barriers that hinder development. As a result, well-intentioned policies can work at cross-purposes, reducing the effectiveness of ADU initiatives.

Case study:

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In Boston, conflicting regulations between the city's planning department and environmental agencies slowed ADU development, as homeowners were required to navigate conflicting requirements that made it difficult to complete projects.

Leverage points:

- A. **Interagency collaboration:** Encouraging collaboration between government agencies can help align goals and streamline regulations, reducing the likelihood of conflicting policies that hinder ADU development.
- B. **Coordinated policy framework:** Developing a coordinated policy framework that integrates the priorities of multiple stakeholders can help eliminate contradictions and create a more supportive environment for ADUs.

The adoption of ADUs in Central Florida offers one possible solution (of many) to the region's housing crisis. However, the dynamics of housing systems are complex, and system archetypes reveal the patterns of failure that can arise from the interaction of stakeholders, policies and incentives. By applying learnings from the examination of system failure patterns, policymakers and stakeholders can better understand the barriers to ADU adoption and uncover leverage points for meaningful systems change.

Through targeted interventions such as regulatory reform, financial support, community engagement, and interagency collaboration, Central Florida can promote the widespread development of ADUs and create a more resilient and equitable housing system.



[INFOBOX SECTION]

Vision 2050 and ADUs

Orange County proposed amendments to its state-required Comprehensive Plan, being renamed “Vision 2050,” as a guide for growth and development for the next 25 years. The proposal introduced several policy changes aimed at addressing the affordable housing crisis with specific attention to ADUs. What follows is an example of how we can use systems analysis to understand how the policy changes seek to address previously identified challenges and objections with the goal of identifying and mitigating potential unintended consequences, in this case, on the adoption of ADUs.

Vision 2050 proposed policy changes:

Broader permitting and zoning adjustments

Policy: Allows ADUs in all residential districts by right, simplifying approval and reducing barriers for homeowners.

Impact: Streamlines permitting process, reduces regulatory burden, increases housing supply.

Incentives for affordable ADUs

Policy: Provides incentives such as waiving impact fees and offering technical assistance for low-income homeowners developing ADUs for affordable housing.

Impact: Lowers construction costs, makes ADU development financially feasible, promotes affordability.

Support for sustainable and resilient housing

Policy: Encourages energy-efficient designs and materials for ADUs, integrating them into broader sustainability and resilience strategies.

Impact: Promotes environmental sustainability, aligns ADUs with community resilience planning.

Community engagement and education

Policy: Engages the community to understand the benefits of ADUs, addressing common concerns and providing education on the development process.

Impact: Builds community support, reduces opposition, increases awareness.

Addressing challenges and objections

Vision 2050’s broader permitting adjustments directly tackle the issue of complex and lengthy approval processes, making ADU construction more accessible. The plan’s financial incentives address the major barrier of construction costs, making ADU development feasible for a broader range of homeowners.

Vision 2050’s focus on community engagement is crucial for addressing NIMBYism and other forms of local opposition, building a supportive environment for ADU adoption. Incorporating ADUs into sustainability and resilience planning aligns them with broader community goals, garnering additional support from stakeholders focused on environmental and climate issues.

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Acknowledging the beneficial impact represented by Vision 2050, there is merit in considering potential unintended negative impacts, particularly as its policies are interpreted and experienced by the various stakeholders in the housing system. For example, a surge in ADU development could lead to increased property values, potentially exacerbating affordability issues in the long term. Broad implementation across all residential zones may lead to conflicts with existing local regulations or neighborhood covenants, requiring careful management. Without careful targeting, higher-income homeowners might disproportionately benefit from ADU incentives, while low-income homeowners might still face barriers.

[END BOX SECTION]

## CONCLUSION

The housing crisis in Central Florida, like in many other regions, is a wicked problem—a complex and multifaceted issue that defies simple solutions. This policy brief has explored the potential of ADUs as part of a broader portfolio of solutions to address the housing crisis. Through a systems thinking approach, we have examined the interrelated dynamics that shape housing outcomes, such as regulatory barriers, financial constraints, and community opposition. By identifying and understanding these dynamics, policymakers and stakeholders can more effectively intervene in the system to promote sustainable and equitable housing solutions.

This brief has highlighted key systems archetypes that reveal the recurring patterns of system failure in the context of ADU adoption, including such as Fixes that Fail, Shifting the Burden, and Limits to Growth, among others. These archetypes show how well-meaning policies, such as financial incentives or restrictive zoning laws, can create feedback loops that undermine long-term progress. By addressing these underlying patterns and identifying leverage points, such as regulatory reform and comprehensive policy solutions, we can create a more supportive environment for ADU development and increase the supply of affordable housing.

Central to this effort is the need to establish shared understanding among all stakeholders in the housing system—homeowners, renters, neighbors, local governments, community organizations, and the real estate and construction industries. Stakeholder analysis is a critical tool for achieving this common understanding, as it helps to align the interests and concerns of all parties. When stakeholders collaborate with a unified vision, they can craft integrated solutions that address both the immediate and long-term challenges of the housing crisis.

However, these solutions cannot be developed in isolation. To effectively address the housing crisis, systems thinking must be embraced as a necessary approach to understanding and intervening in the complex web of relationships that define the housing system. Systems thinking allows us to move beyond the reactive, short-term fixes that have historically failed to resolve the housing crisis and toward a more holistic, long-term strategy that addresses the root causes of the problem.

### Call to collective action

As we move forward, we call on readers—policymakers, community leaders, and stakeholders across Central Florida—to recognize the power of systems thinking in tackling the housing crisis. This policy brief is just the beginning. It is part of a series that will explore different housing policies and solutions, using the systems thinking framework to uncover hidden dynamics and reveal opportunities for lasting change.

We encourage you to use this series of policy briefs as a foundation for community engagement events that will take place over the coming year. These events, including facilitated scenario planning and community charrettes, will bring together diverse stakeholders to collaboratively explore potential solutions to the housing crisis. Through these interactive sessions, participants will engage in open dialogue, test different scenarios, and work together to develop actionable strategies that are informed by the insights gained from this series of briefs.

Together, we can create a more equitable, sustainable, and affordable housing system for Central Florida—one that reflects the needs and aspirations of all residents. Let us embrace the systems thinking approach and work collaboratively to design the future of housing in our communities.

Learn more and get engaged at [FaceTheHousingCrisis.org](https://www.FaceTheHousingCrisis.org).

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Add Page: Special Thanks to Cornerstone Housing™ Initiative Delegates for contributions and review of this brief.