Missing Middle Housing Peer Network and Toolkit

Best Practices

CHAPTER 4

This chapter presents a spectrum of best practices—ranging from broader policy reforms to small-scale interventions —that support the development and integration of Missing Middle Housing.

In this chapter

Metropolitan Mayors Caucus OPTICOS

June, 2025

Missing Middle Housing

A Toolkit to Implement Missing Middle Housing in Chicago Metropolitan Communities

Metropolitan Mayors Caucus

OPTICOS

Organizational Background

Metropolitan Mayors Caucus

Membership organization of 275 municipalities across the seven-county Chicago region

Committees

- Legislative
- Environmental
- Housing + Community Development

Technical Assistance

- Housing Planning
- Age-Friendly Communities
- EV Readiness
- Energy Building Codes
- Recycling Education
- Access to Energy-Efficiency Programs

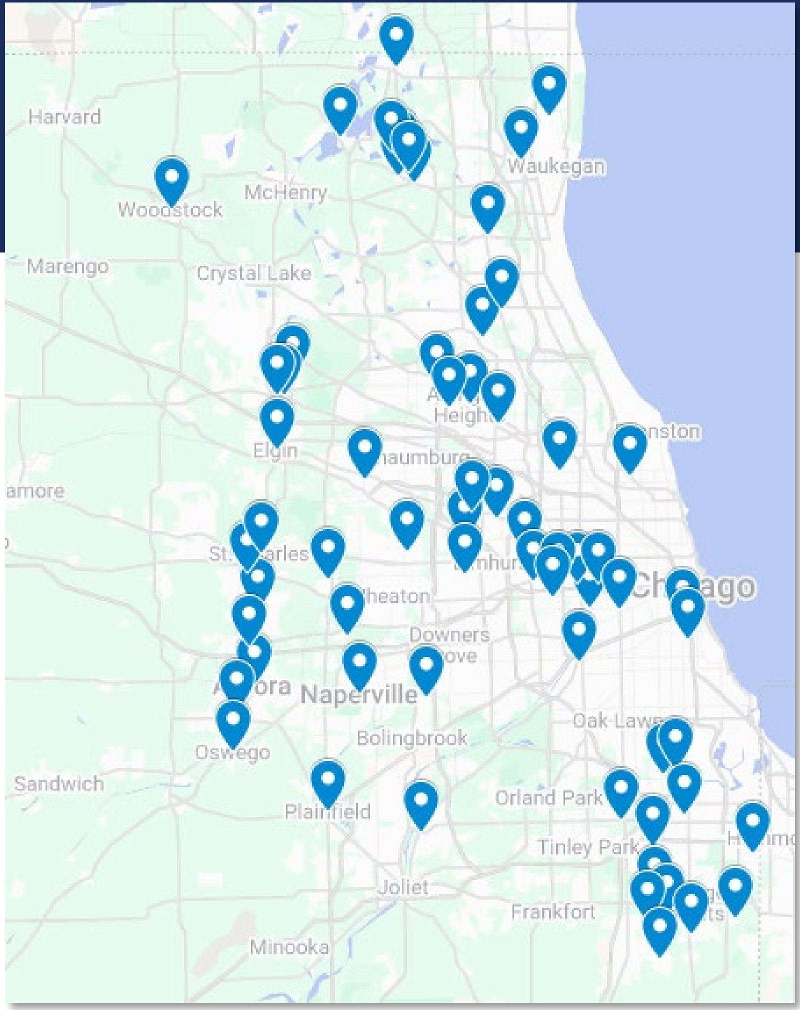
Grant Programs

- Asylum Seeker Services
- Powering the Holidays
- Powering Safe Communities

Homes for a Changing Region

Created in 2007

Partnered with 65+ municipalities to develop housing action plans



Homes for a Changing Region municipalities

Request for Assistance

Committee Survey → **Committee Meeting** → **Working Group**

"Attraction of missing middle housing" became a top need for assistance

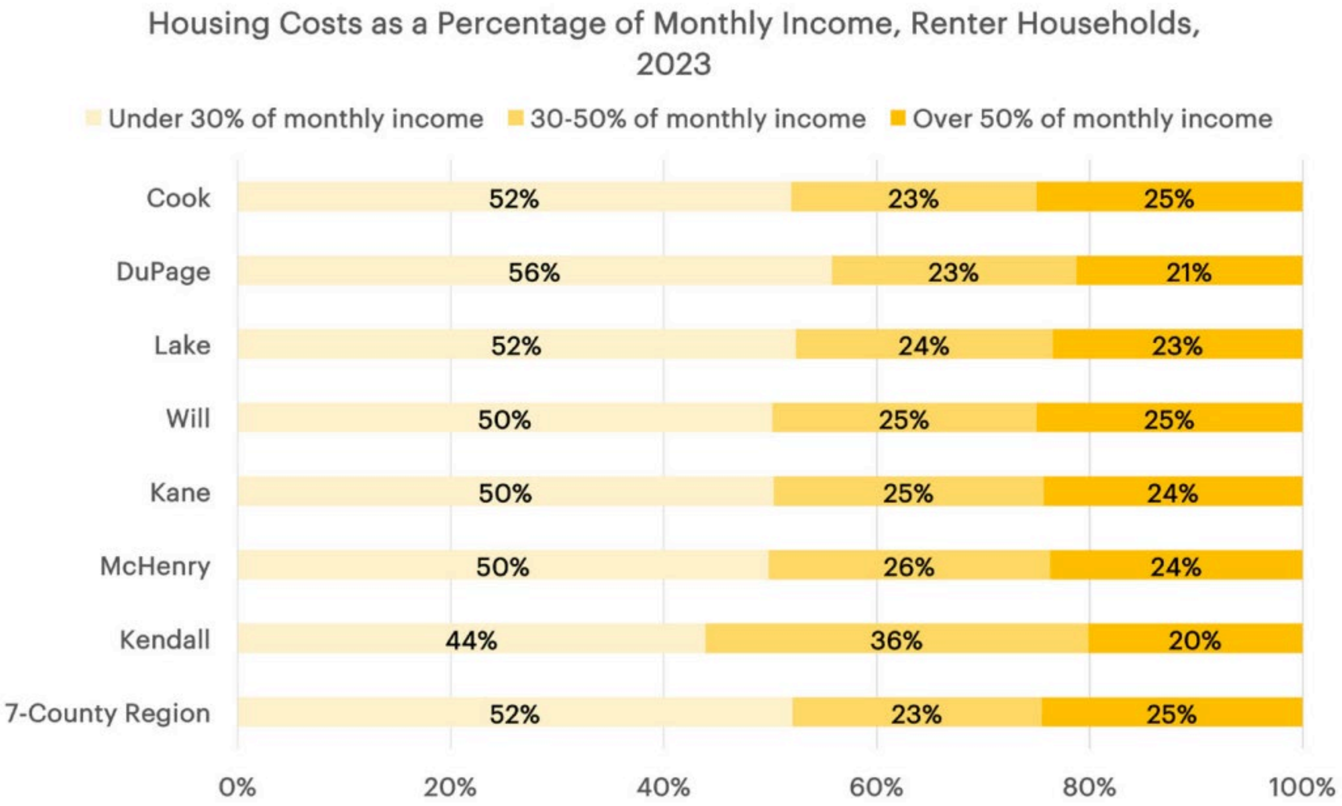
A working group formed to continue focus on the topic

Technical assistance needs were outlined

Communities Experience Similar Trends...

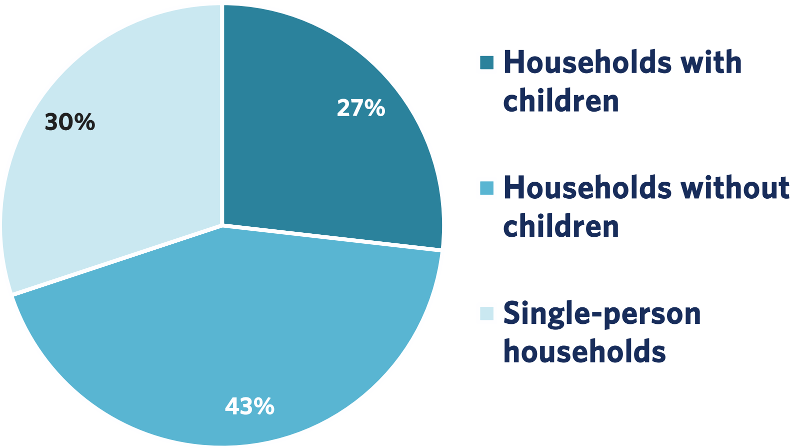
Median Household Income and Median Sale Price Comparison								
	2012			2023			Percent Increase	
County	Med. Income	Med. Sale Price of SF Homes	Income to Sale Price Ratio	Med. Income	Median Sale Price of SF Homes	Income to Sale Price Ratio	Med. Income	Median Sale Price of SF Homes
Cook	$52,174	$158,850	3.0	$80,579	$328,000	4.1	54.4%	106.5%
DuPage	$78,268	$261,225	3.3	$106,691	$438,500	4.1	36.7%	67.9%
Kane	$64,638	$159,500	2.5	$97,633	$380,000	3.9	51.0%	138.2%
Kendall	$77,361	$180,500	2.3	$111,349	$384,723	3.5	43.9%	113.1%
Lake	$74,334	$185,750	2.5	$108,364	$380,000	3.5	45.8%	104.6%
McHenry	$76,683	$155,375	2.0	$100,884	$343,720	3.4	31.6%	121.2%
Will	$72,180	$173,419	2.4	$103,482	$347,500	3.4	43.4%	100.4%

Communities Experience Similar Trends…



Communities Experience Similar Trends...

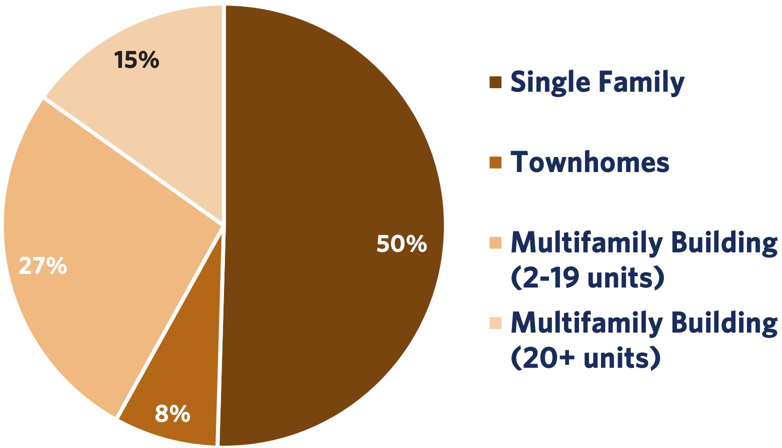
Household Types, Chicago Region, 2023



73% Of households are one or two-person households

Up from 64% in 2010

Housing Types, Chicago Region, 2023



50% Of homes are townhomes or in a multifamily building

... But Have Vastly Different Markets

1. Higher density urban, high foreclosure and vacancy, low income
2. Higher density urban and suburban, large households, high foreclosure/moderate vacancy, low/moderate income
3. Higher density urban, high income, young, high home prices and rents
4. Suburban post-war housing stock, moderate- and middle-income, lower cost stock
5. Suburban 1960-79 housing stock, moderate but declining incomes, lower cost stock
6. High cost suburban housing stock, low density, high income, aging
7. High population growth, newest housing stock
8. Suburban 1980-99 housing stock, high/middle income, suburban, aging

REGIONAL HOUSING SOLUTIONS

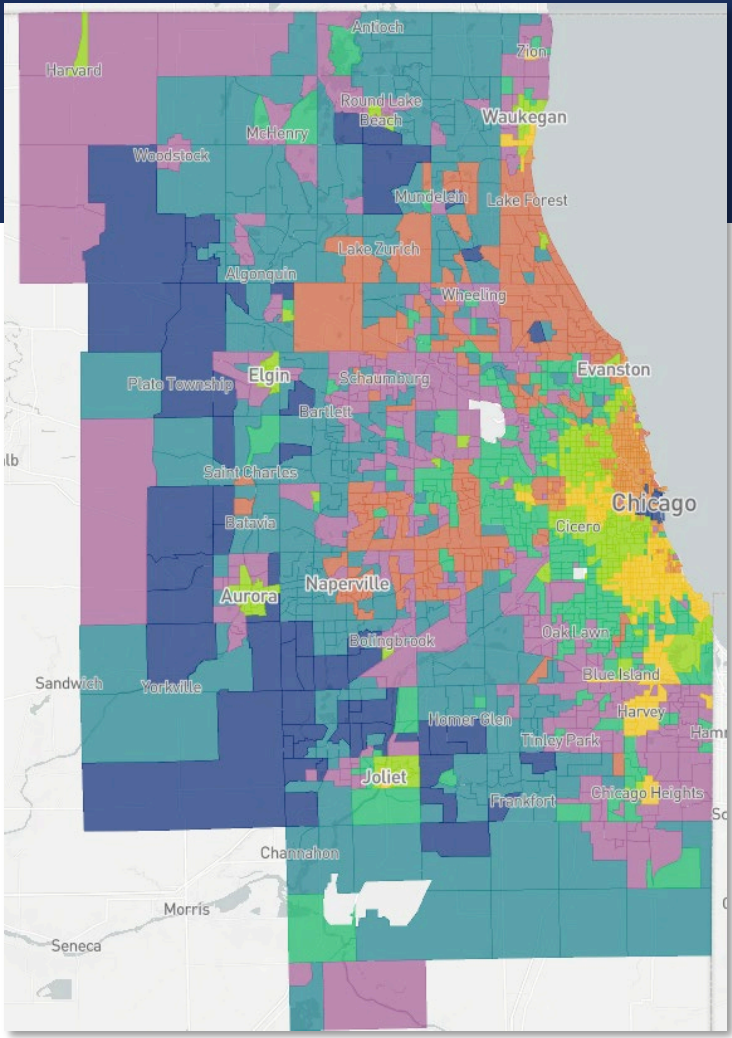
A collaboration between

Chicago Metropolitan Agency for Planning

INSTITUTE FOR HOUSING STUDIES AT DEPAUL UNIVERSITY

Metropolitan Mayors Caucus

Metropolitan Planning Council



Opticos Design + Metropolitan Mayors Caucus

Jennifer Settle,
Principal

Megan Reineccius,
Senior Associate

Dylan Rumsey,
Senior Designer

Nancy Firfer,
Senior Advisor

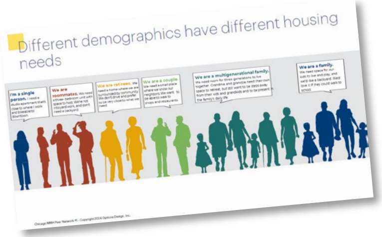
Ben Schnelle,
Manager

OPTICOS

Metropolitan Mayors Caucus

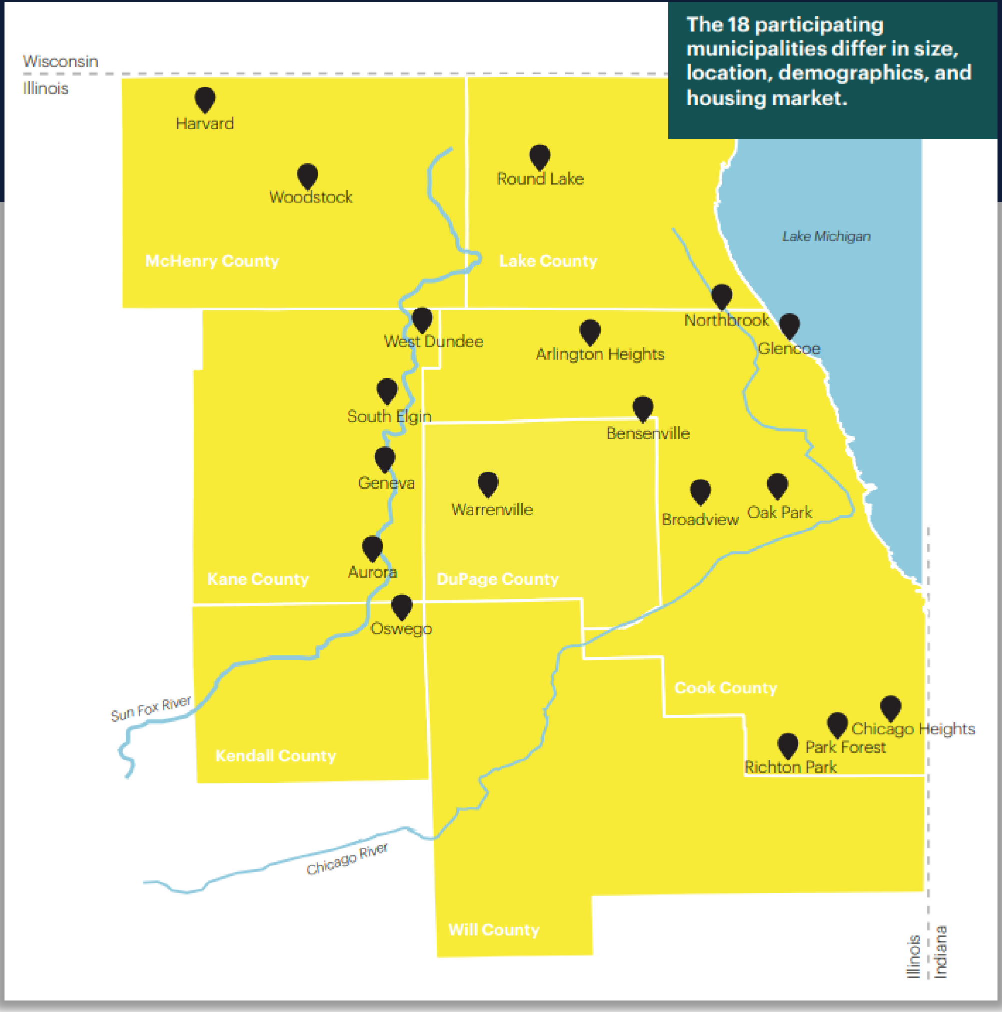
Process Overview

6 Peer Network Meetings

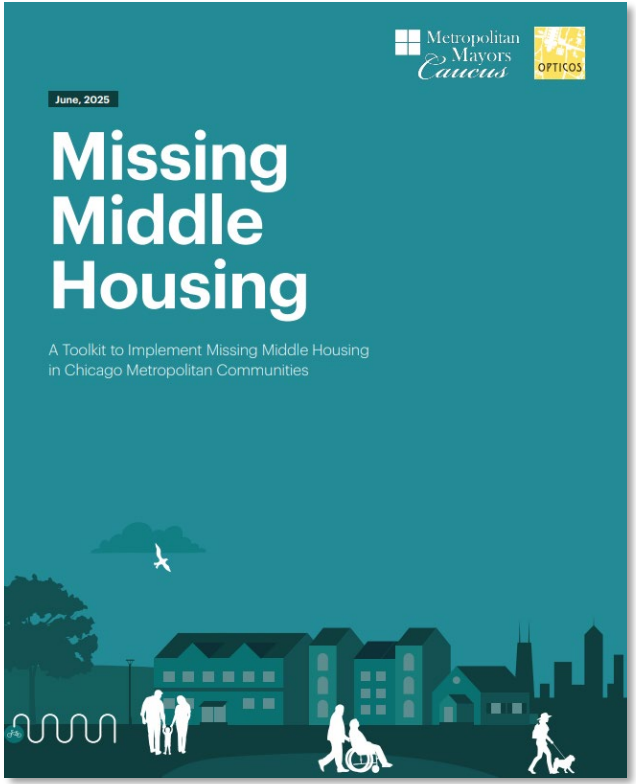


3 Test Fits

1 Site Study Workshop



The Missing Middle Housing Toolkit

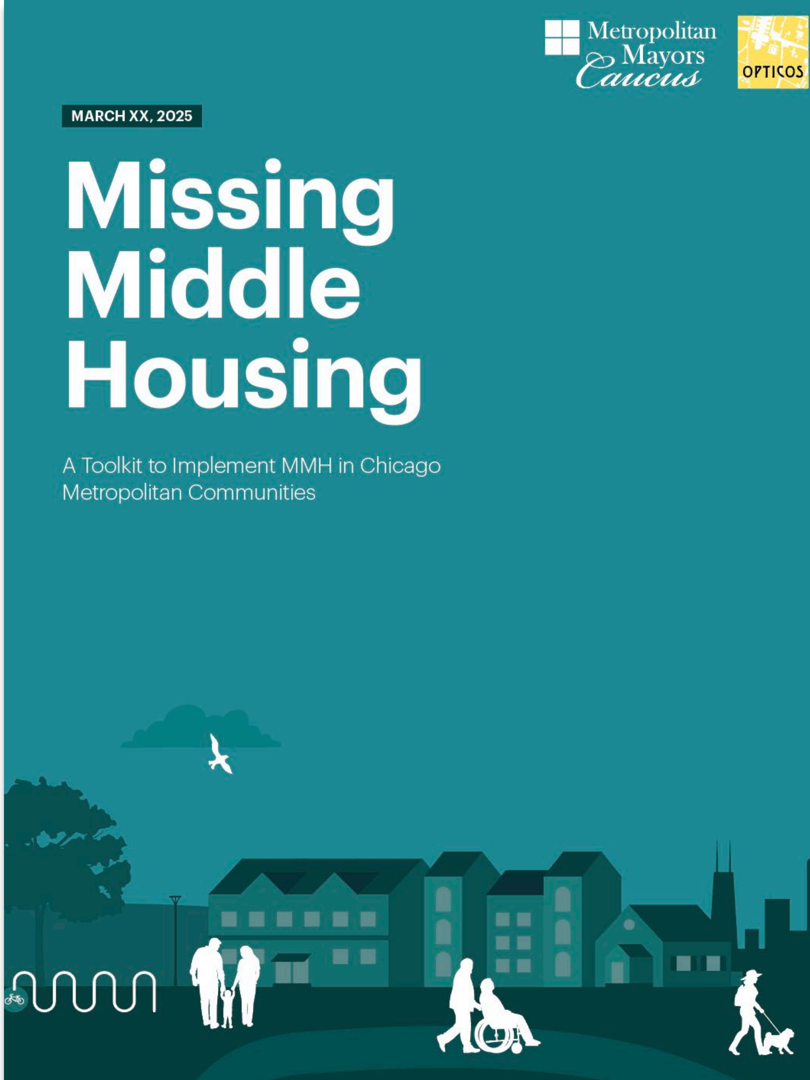


A resource for local leaders at any and every stage

https://bit.ly/MMCmissingmiddlehousing

Missing Middle Housing

A toolkit to implement MMH in Chicago Metropolitan Communities

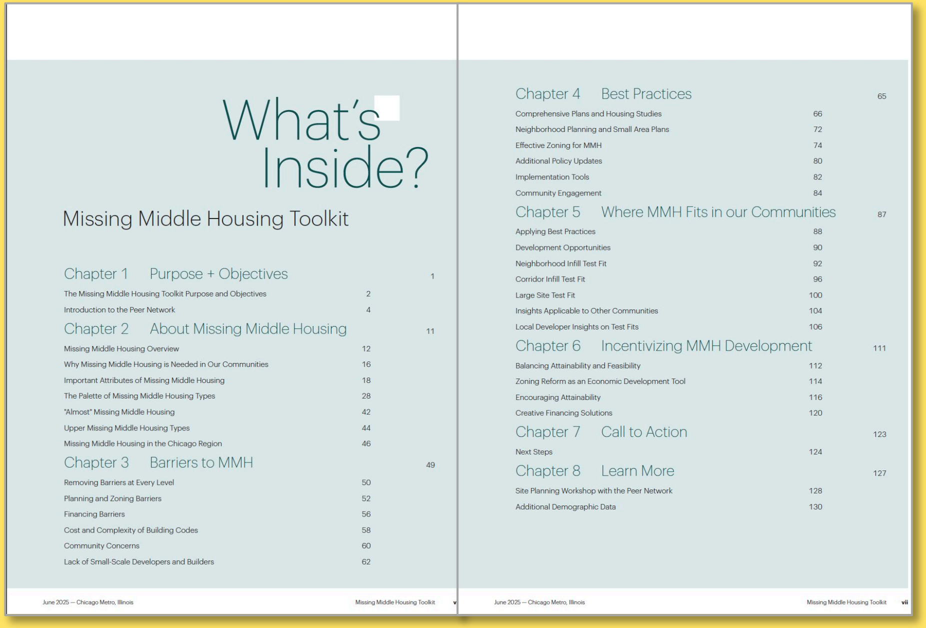


Using the Toolkit

A resource for public education efforts and tactics

Strategic guidance on housing reform efforts

Engage local developers or builders using test fit visualizations



What's Inside?

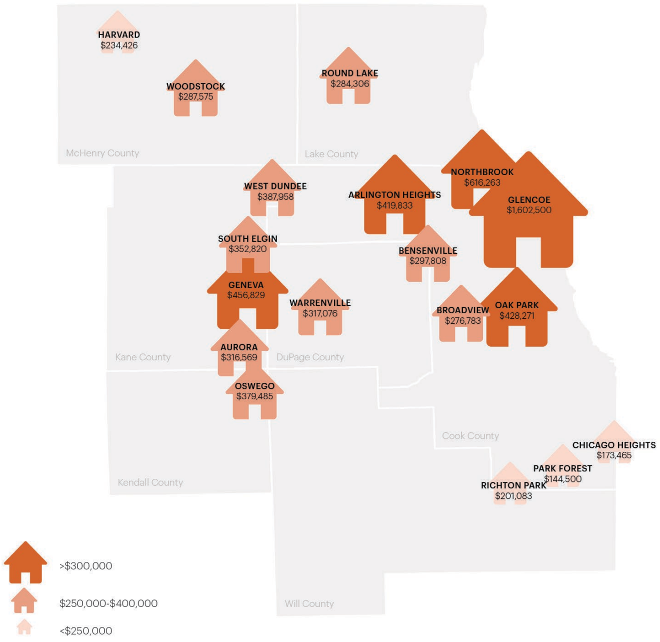
Missing Middle Housing Toolkit

Key Toolkit Takeaways

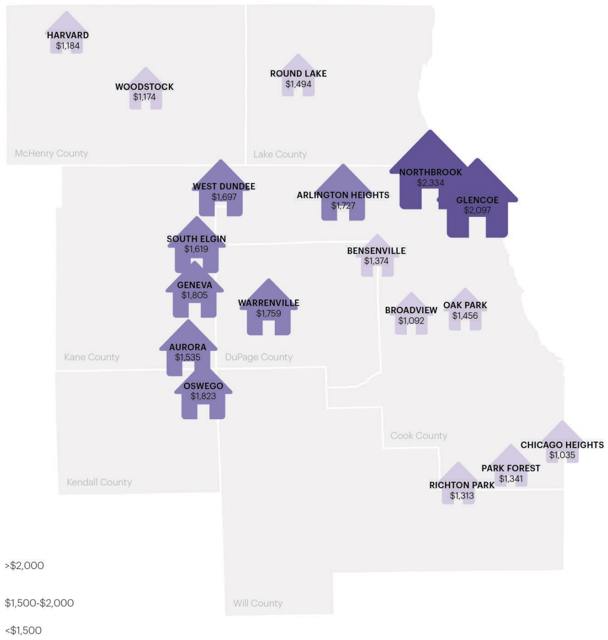
1. What is Missing Middle Housing, and why do we need it?
2. Why is it so hard to build today?
3. How can we build a community that prioritizes housing choice?
4. What do some Middle Housing opportunities in the Chicago region look like?
5. Where do we go from here?

The Peer Network

Median home sale price



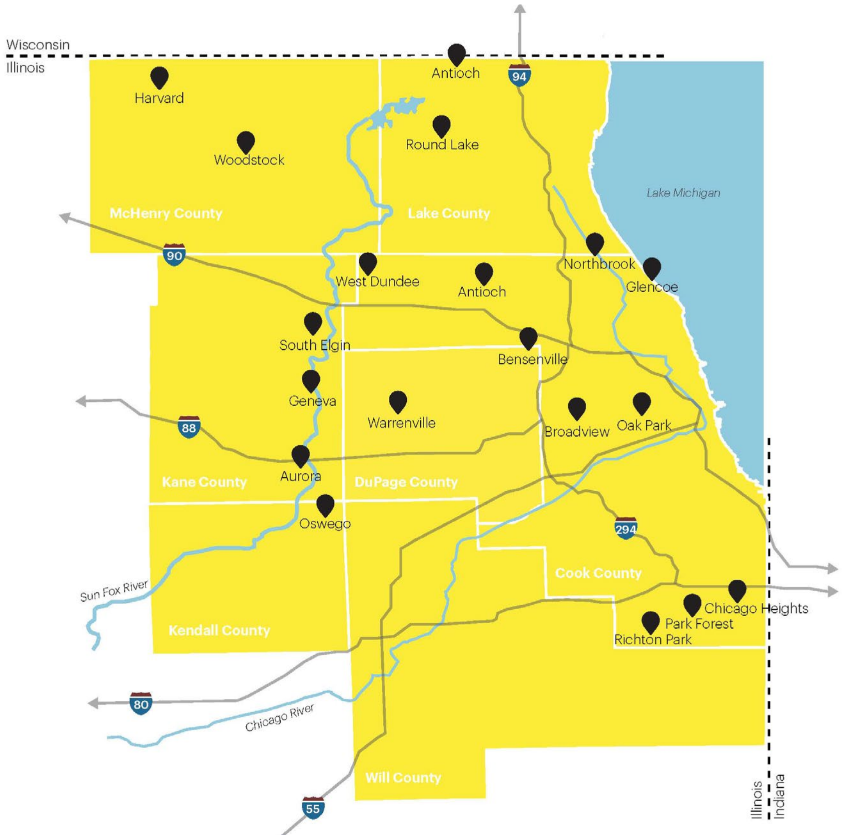
Median Gross Rent



Representative of the unique needs and conditions across the 7-county region.

The Peer Network

How to address the housing needs of 18 communities of varying sizes, demographics, and market conditions?



Toolkit Highlights

Identifying Barriers to Missing Middle Housing

What is preventing the development of Middle Housing?

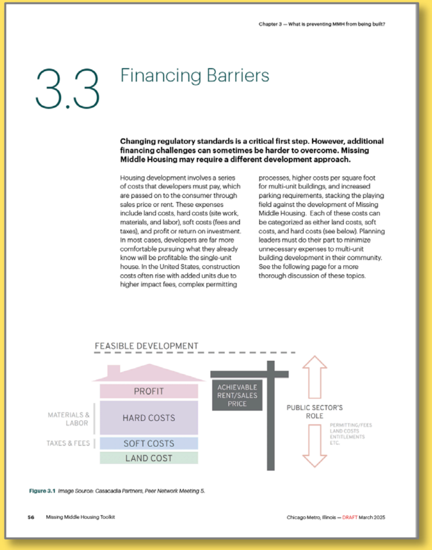
Planning & Zoning Standards

Financing Challenges

Building Code Requirements

Community Opposition

Developer Priorities



Chapter 3 — What is preventing MMH from being built?

3.3 Financing Barriers

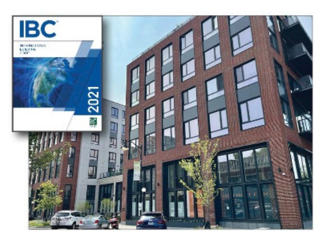
Changing regulatory standards is a critical first step. However, additional financing challenges can sometimes be harder to overcome. Missing Middle Housing may require a different development approach.

Housing development involves a series of costs that developers must pay, which are passed on to the consumer through sales price or rent. These expenses include land costs, hard costs (site work, materials, and labor), soft costs (fees and taxes), and profit or return on investment. In most cases, developers are far more comfortable pursuing what they already know will be profitable: the single-unit house. In the United States, construction costs often rise with added units due to higher impact fees, complex permitting processes, higher costs per square foot for multi-unit buildings, and increased parking requirements, stacking the playing field against the development of Missing Middle Housing. Each of these costs can be categorized as either land costs, soft costs, and hard costs (see below). Planning leaders must do their part to minimize unnecessary expenses to multi-unit building development in their community. See the following page for a more thorough discussion of these topics.

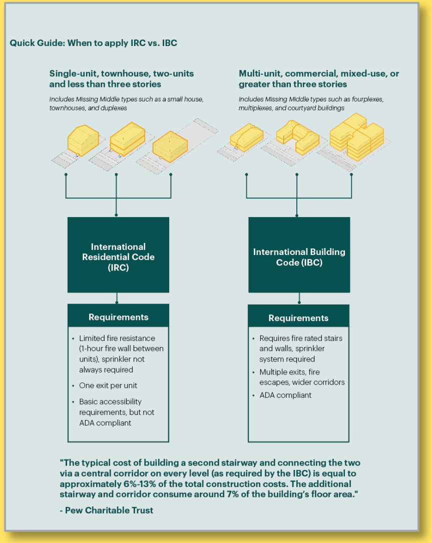
Figure 3.1 Image Source: Casacadia Partners, Peer Network Meeting 5.

56 Missing Middle Housing Toolkit | Chicago Metro, Illinois — DRAFT March 2025

A duplex under the jurisdiction of the IRC.



A mixed-use building under the jurisdiction of the IBC.



Forge Your Own Path

- **There is no one-size-fits-all approach**
- **Tailor solutions to your community**
- **Incremental change vs. comprehensive overhauls**

Understanding → Implementation

Addressing Community Concerns	Targeted Zoning Reforms	Amending the Building Code	Overcoming Financing Barriers
Identify housing needs and preference	Identify zoning standards that need adjustment	Identify opportunities for change	Identify burdensome impact fees and processes
Listen to community concerns and start outreach	Decide course of action and identify stakeholders	Decide course of action and identify stakeholders	Decide course of action and identify stakeholders
Craft reforms that align with the community's best interest	Test potential solutions and get community buy-in	Test potential solutions	Test potential solutions
Adopt Policy-level Initiatives	Adopt Zoning Reform for MMH	Make changes and reduce barriers to MMH	Incentivize opportunities for MMH
See strategies for building community support in Chapter 4.5	See strategies for implementing zoning reform in Chapter 4.3	See strategies for addressing Building Codes in Chapter 4.4	See strategies for financing solutions in Chapter 6.4

Best Practices

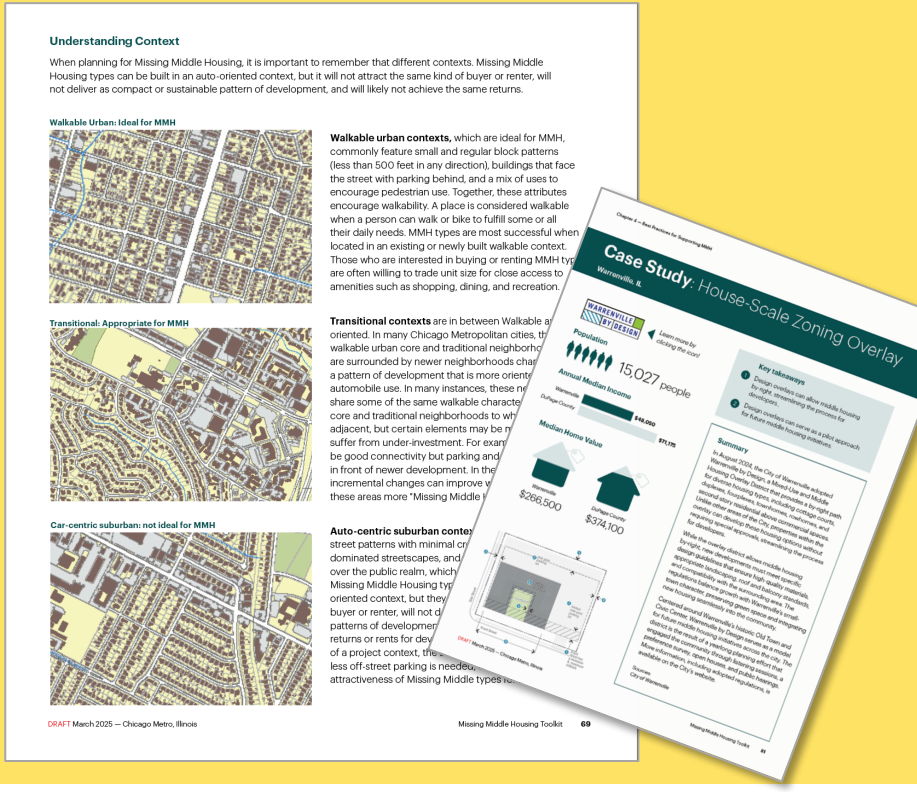
Middle Housing mindset:

Comprehensive plans and neighborhood plans

Approaches to zoning reform

Additional policies (subdivision, stormwater, IRC, fire)

Implementation and community engagement



Best Practices at Every Level

Comprehensive Plans

Locating MMH-Ready locations

Defining MMH

Goals for Housing Diversity

Neighborhood Plans

Effective Zoning

Zoning code audit

Text Amendments

Overlays

Form-based Zoning

Additional Policies

IRC & IBC
(Fire Codes)

Stormwater

Subdivision Controls

Implementation & Outreach

Community Input & Education

Pre-approved Plans

Developer RFPs

Pilot Projects

Zoning Code Audit

Evaluate your zoning code with a simple step-by-step code audit focused on common barriers.

Pick a zoning district in a walkable neighborhood and follow along!

Code Audit

Do you have any zoning districts that allow MMH types by-right?

- ☐ *Yes!*
- ☐ *Some are allowed by special exception.*
- ☐ *No, no MMH types are allowed.*
- ☐ *It is unclear.*

Code Audit

Are side setbacks greater than seven feet?

- ☐ *Yes*
- ☐ *No, they are less than.*
- ☐ *It is unclear.*

Code Audit

Is more than one parking space per unit required?

- ☐ *Yes*
- ☐ *No, they are less than.*
- ☐ *Parking is regulated by unit size, not number of units.*

Code Audit

Is density limited to less than 20 du/ac?

- ☐ *Yes*
- ☐ *No, it is greater than 20.*
- ☐ *There are no density regulations.*
- ☐ *It is unclear.*

Code Audit

Do you have lot areas greater than 5,000 square feet?

- ☐ *Yes*
- ☐ *No, they are less than.*
- ☐ *It is unclear.*

Code Audit

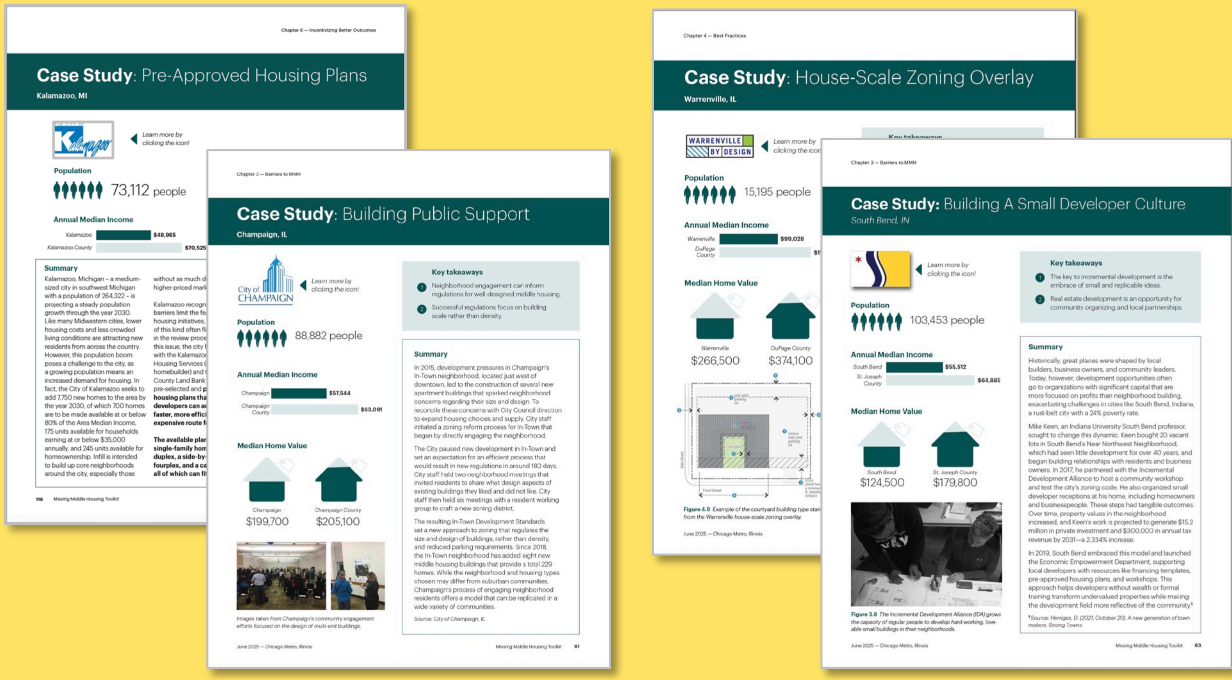
Does the multi-family use category include buildings with less than five units?

- ☐ *Yes*
- ☐ *No, it does not.*
- ☐ *It is not clear.*

Case Studies of Proven Solutions

Case studies highlighting various approaches taken by local, regional, and national municipalities:

Champaign, IL
Elgin, IL
Warrenville, IL
South Bend, IN
Kalamazoo, MI
Buffalo, NY
Portland, OR



Regional Development Opportunities

Applying best practices for Middle Housing

Matching building scale to local context

Neighborhood infill, corridor, and large-site test fits

Developer Insights

Matching Building Types to Different Sites

Neighborhood Infill

Small MMH types:
duplex, triplex, fourplex

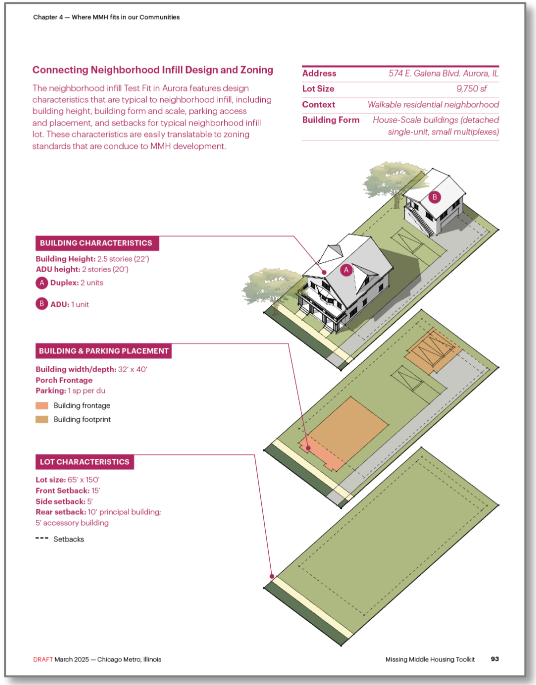
Corridor Infill

Medium-Large MMH types:
townhouse, multiplex, courtyard, block-scale buildings

Large Sites

A mix of small-to-large building types, depending on adjacent context

Testing Real Sites for Middle Housing



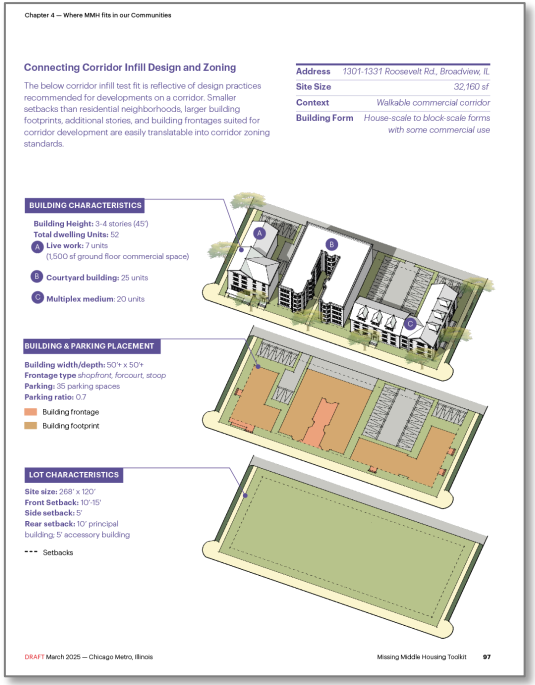
Connecting Neighborhood Infill Design and Zoning

The neighborhood infill Test Fit in Aurora features design characteristics that are typical to neighborhood infill, including building height, building form and scale, parking access and placement, and setbacks for typical neighborhood infill lot. These characteristics are easily translatable to zoning standards that are conduce to MMH development.

Address	574 E. Galena Blvd. Aurora, IL
Lot Size	9,750 sf
Context	Walkable residential neighborhood
Building Form	House-Scale buildings (detached single-unit, small multiplexes)

Neighborhood Infill

Aurora, IL



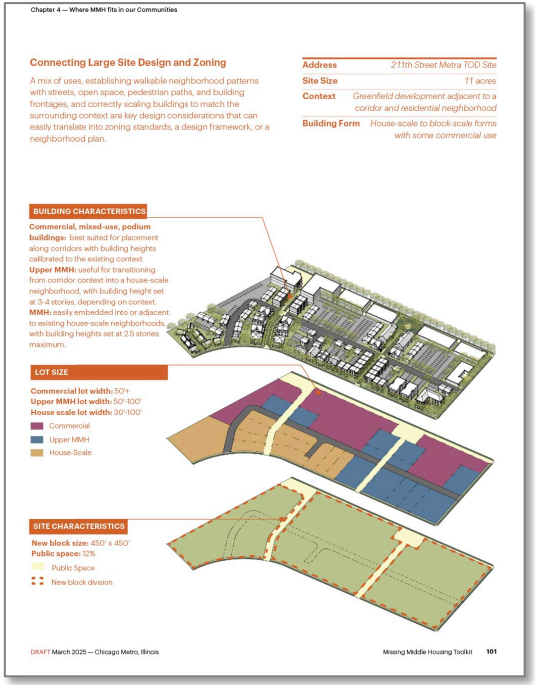
Connecting Corridor Infill Design and Zoning

The below corridor infill test fit is reflective of design practices recommended for developments on a corridor. Smaller setbacks than residential neighborhoods, larger building footprints, additional stories, and building frontages suited for corridor development are easily translatable into corridor zoning standards.

Address	1301-1331 Roosevelt Rd., Broadview, IL
Site Size	32,160 sf
Context	Walkable commercial corridor
Building Form	House-scale to block-scale forms with some commercial use

Corridor Infill

Broadview, IL



Connecting Large Site Design and Zoning

A mix of uses, establishing walkable neighborhood patterns with streets, open space, pedestrian paths, and building frontages, and correctly scaling buildings to match the surrounding context are key design considerations that can easily translate into zoning standards, a design framework, or a neighborhood plan.

Address	211th Street Metra TOD Site
Site Size	11 acres
Context	Greenfield development adjacent to a corridor and residential neighborhood
Building Form	House-scale to block-scale forms with some commercial use

Large Site

Park Forest, IL

Current Regional Efforts

Since the completion of the toolkit…

- Oak Park is updating their residential zoning districts
- Park Forest RFP for the site of the large site test fit

SHAPE OAK PARK
MORE HOMES • MORE CHOICE • MORE COMMUNITY

Get in touch with us!

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Or visit *opticosdesign.com*

Rockford - Illinois

AN IMPROBABLE TURNAROUND

2018 - 2025

THE CITY OF ROCKFORD ILLINOIS, USA

ILLINOIS REALTORS

An Improbable Turnaround

Just a decade ago, the city of Rockford, Illinois struggled with a host of economic and demographic challenges.

The population was shrinking, home values were decreasing, and a growing number of properties sat vacant.

Media Spotlight

THE WALL STREET JOURNAL.

Welcome to Rockford, Ill, the Underwater Mortgage Capital of America

By Conor Dougherty Follow

Updated Sept. 8, 2013 1:24 pm ET

ROCKFORD, Ill.—This beaten-down factory town has the highest share of upside-down mortgages in the nation. Mayor Larry Morrissey isn't surprised. He is upside down himself.

Rockford Register Star

1 in 3 Rockford-area homeowners underwater on mortgage

Alex Gary

Updated Sept. 20, 2013, 7:20 p.m. CT

Top 4 Underwater Mortgage Metros of America

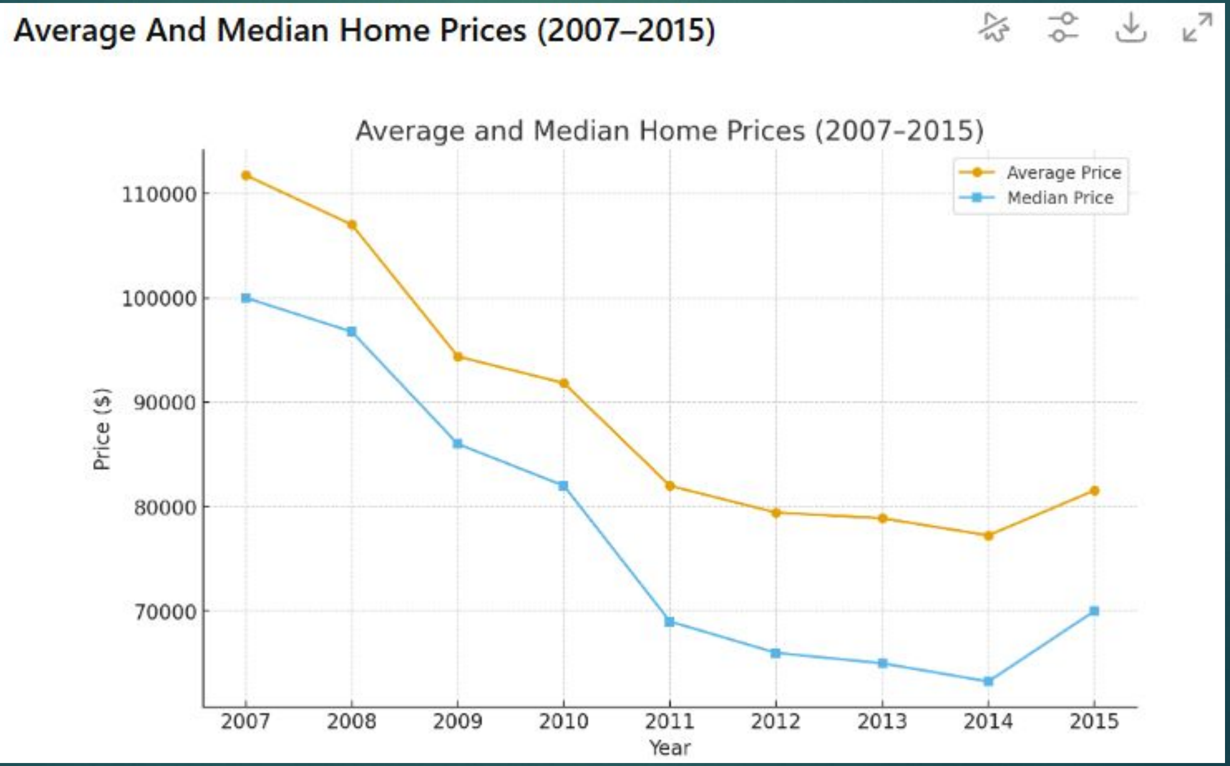
By Charlotte O'Malley

September 19, 2013

According to *The Wall Street Journal's* "Welcome to Rockford, Ill., the Underwater Mortgage Capital of America" report, 5.3 million mortgage holders remain underwater nationwide.

The Depth of the Downturn

	2007	2008	2009	2010	2011	2012	2013	2014	2015
normal sales	2102	1350	1207	942	769	920	1003	1101	1311
distressed sales	265	294	380	459	558	682	883	813	673
total sales	2367	1644	1587	1401	1327	1602	1886	1914	1984
average price	$111,743	$107,008	$ 94,381	$91,829	$ 81,994	$ 79,435	$ 78,887	$ 77,244	$ 81,558
median price	$100,000	$ 96,750	$ 86,000	$82,000	$ 69,000	$ 66,000	$ 65,000	$ 63,250	$ 70,000



Media Spotlight

From Distress to Dominance

- Affordable housing and low cost of living
- Strong regional connectivity
- Quality of Life
- Lowest Tax Rate since 1984!
- Projected 3,400 new jobs in the next decade

ILLINOIS • WISCONSIN
ROCK RIVER CURRENT

Home sale prices hit new record high as Rockford ranks No. 9 in national summer housing market list

August 27, 2025 | By Kevin Haas

THE WALL STREET JOURNAL.

Rockford Is Now America's Top Housing Market After an Improbable Turnaround

By Libertina Brandt Follow

April 25, 2024 5:30 am ET

5 CHICAGO

By NBC Chicago Staff • Published January 17, 2025 • Updated on January 17, 2025 at 3:00 pm

Rockford ranked No. 1 on Realtor.com's list of the Hottest Housing Markets in December, surpassing 300 other metro areas across the country.

ILLINOIS POLICY

ROCKFORD DECLARED HOTTEST HOUSING MARKET IN U.S., BUT LOW SUPPLY IS REAL STORY

LyLena Estabine

JOBS + GROWTH

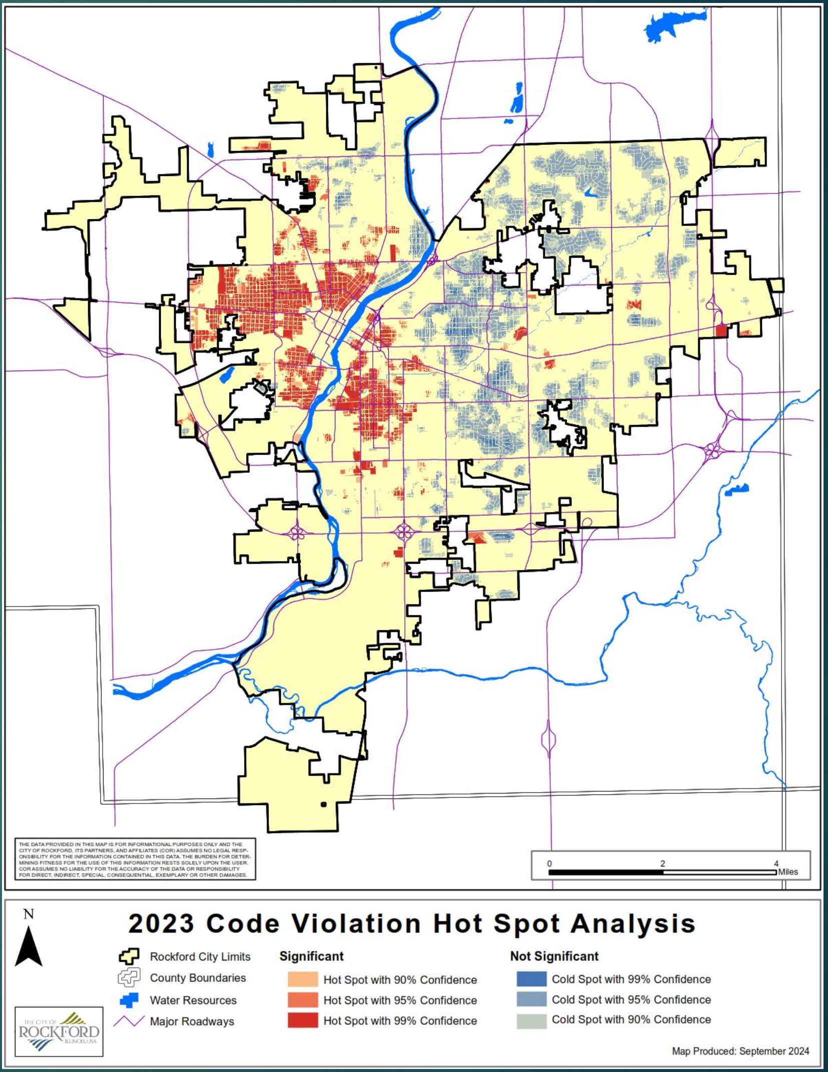
FEBRUARY 19, 2025

Targeting Neighborhood Recovery with Data-Driven Tools

In 2018, Rockford partnered with **National Resource Network** to craft a 7-year revitalization plan and identify priority neighborhoods for investment.

Some of the distress indicators used were:

- Code violations
- Foreclosures
- Vacant residential units and vacant land
- Substantial investments through permits
- Homeownership rates
- Percent increase in property values from 2018-2023
- Recent home sales



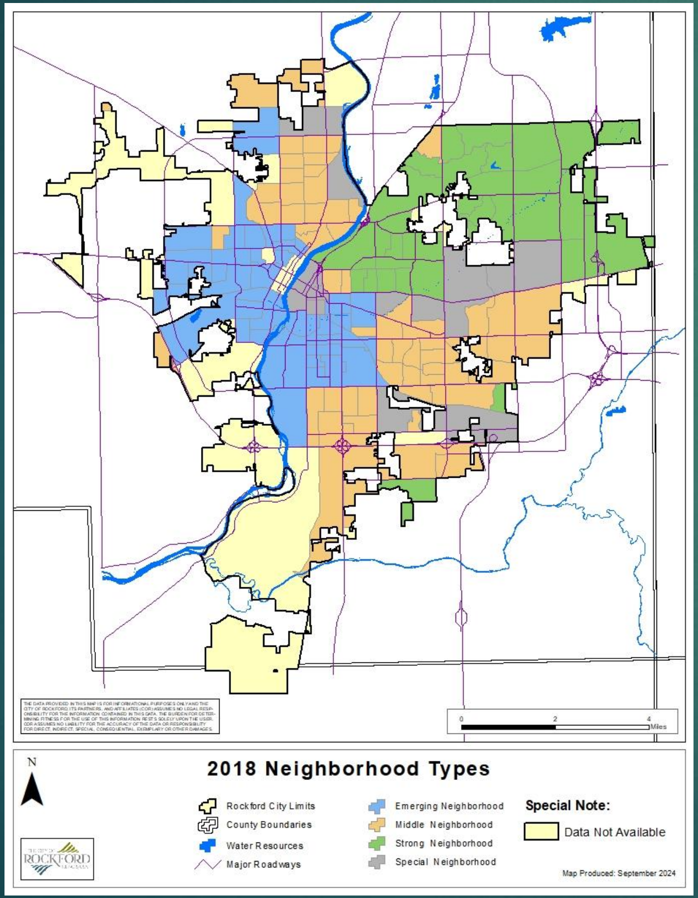
A Visible Impact 2018 - 2024

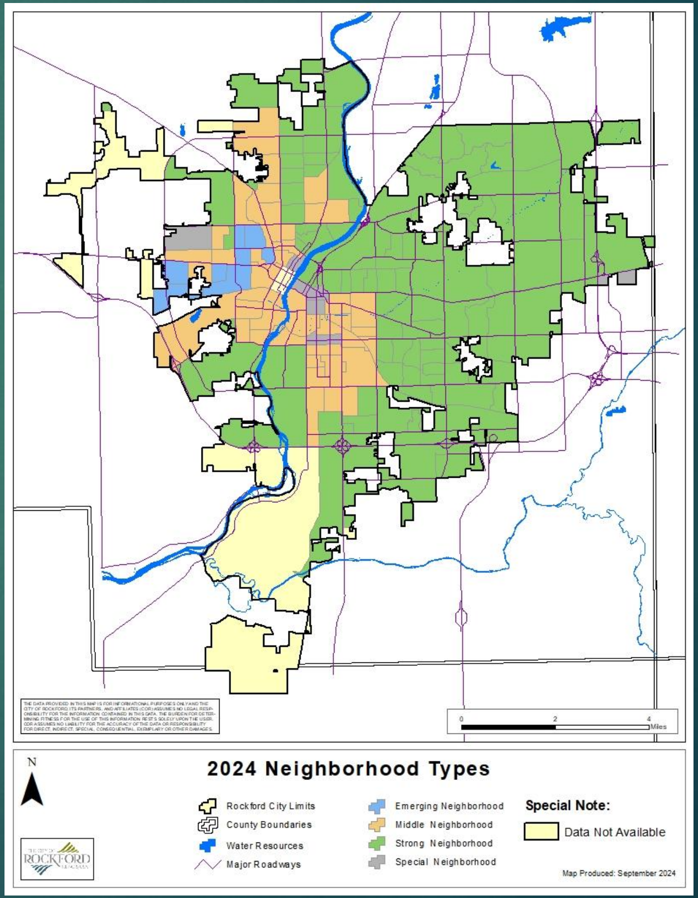
+ **Property Values Increased:** 56%

+ **Average Sales Price Increased:** $69,136 (64.3%)

+ **Violent Crime Dropped:** 34%

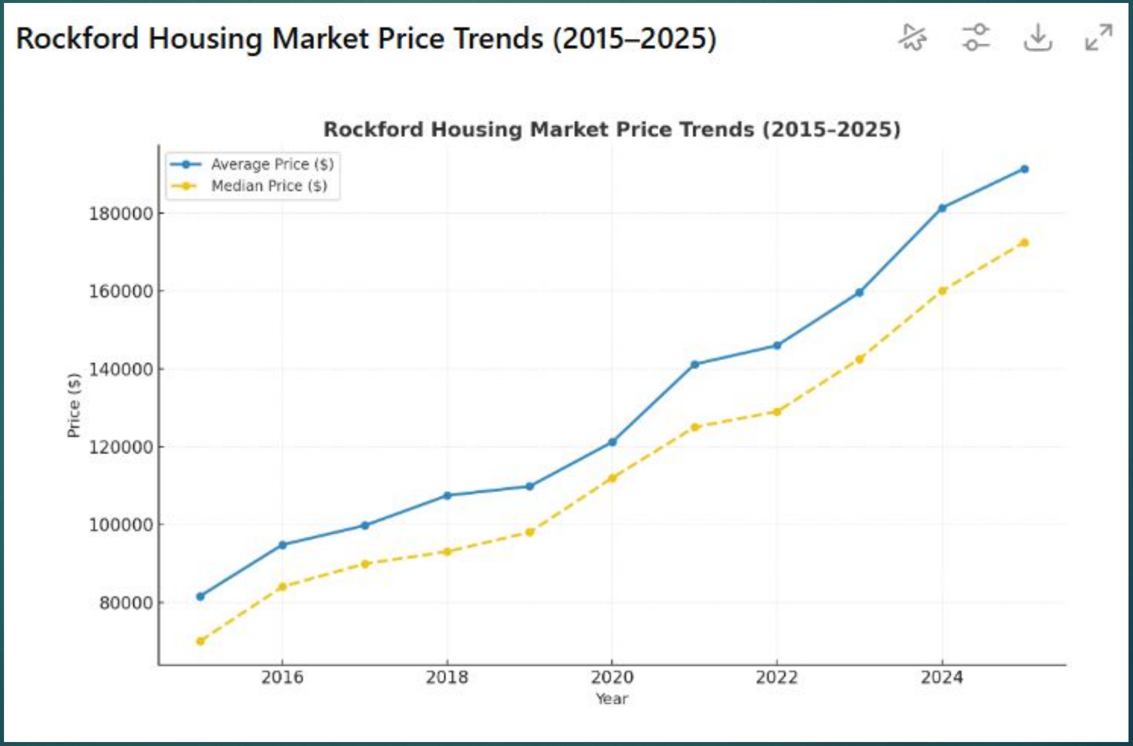
+ **Vacant Buildings Decreased:** 17%





Rockford Today: A Market Transformed

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 through 9/30/25
normal sales	1311	1492	1722	1842	1801	1926	2228	1992	1741	1702	1204
distressed sales	673	419	341	232	176	126	47	44	49	29	16
total sales	1984	1911	2063	2074	1977	2052	2275	2036	1790	1731	1220
average price	$ 81,558	$94,784	$99,724	$107,439	$109,796	$121,153	$141,160	$145,973	$159,626	$181,333	$ 191,416
median price	$ 70,000	$84,000	$89,900	$ 93,000	$ 98,000	$111,950	$125,000	$129,000	$142,500	$160,000	$ 172,510



2018	61101	61102	61103	61104	61107	61108	61109	61114
normal sales	138	84	279	73	485	376	204	203
distressed sales	46	11	34	17	35	32	41	16
total sales	184	95	313	90	520	408	245	219
average price	$ 55,780	$106,836	$ 85,174	$ 43,164	$132,281	$ 99,702	$101,820	$171,059
median price	$ 38,500	$ 99,500	$ 67,500	$ 40,000	$113,250	$ 88,500	$100,139	$159,000

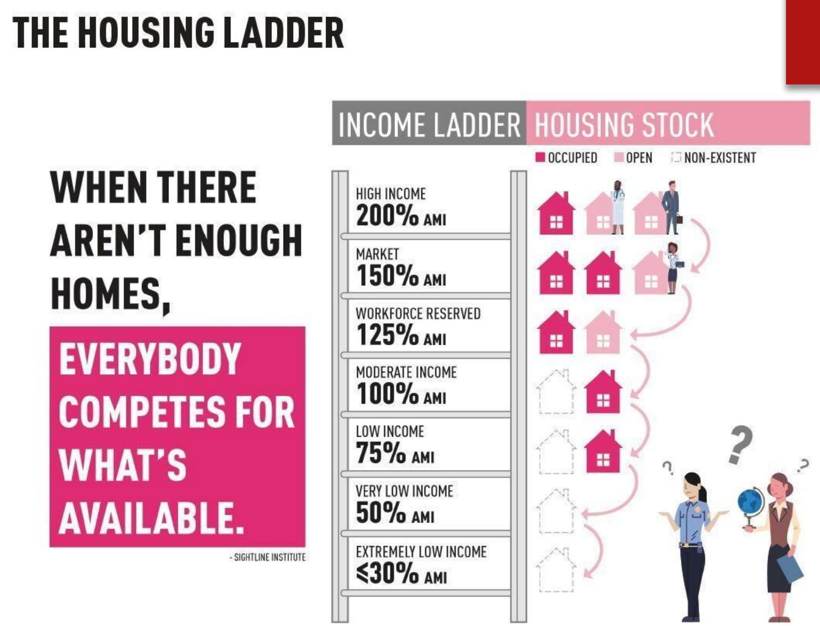
2025 through 9/30/25	61101	61102	61103	61104	61107	61108	61109	61114
normal sales	147	91	169	83	255	204	161	94
distressed sales	1	1	4	2	1	5	1	1
total sales	148	92	173	85	256	209	162	95
average price	$123,710	$145,383	$157,176	$118,230	$247,681	$188,825	$208,902	$293,581
median price	$105,500	$111,750	$135,000	$120,000	$227,500	$177,000	$218,450	$280,000

Rockford Today: A look by Zip Code

Thriving Communities TA

Rockford **ONLY** Illinois Community Awarded HUD-RAISE Grant and Reconnecting Communities Awards

- Address housing needs between the Whitman Street Interchange and the Downtown area.
- TCTA will help city staff engage stakeholders and develop a community-supported housing plan.
- ***GOAL*: Build a Shared Housing Vision!**



Housing Needs Analysis and Market Study completed in 2024.

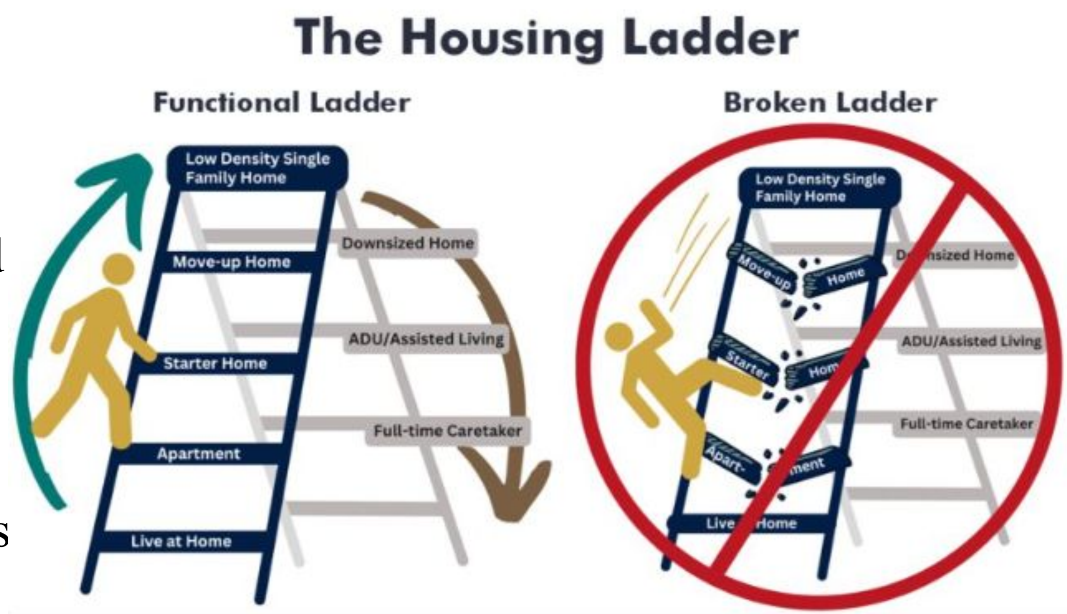
Meeting Demand for the Next Decade:

- Rockford must create and preserve **6,000–9,000** Homes by **2035** to support and build on regional growth.

Housing Strategy Framework

Vision

- Rockford envisions a vibrant and inclusive community where housing serves as a cornerstone for economic vitality, social equity, and quality of life. ***<u>These outcomes will be achieved by creating a diverse range of housing options</u>*** and coordinating government and private resources to ensure residents can live, work, and enjoy life in every neighborhood.

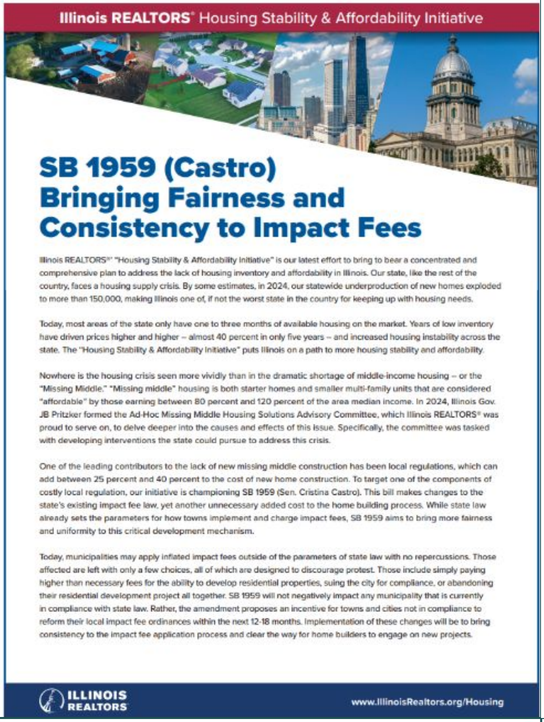


Housing Strategy Framework

- **STRATEGY #1:** Make Rockford an attractive place to develop and to encourage new housing choices across the market.
- **REALTOR®:** Advocate for zoning reforms that allow ADUs, duplexes, and gentle density. Reduce regulatory barriers, streamline approvals, and minimize construction costs.
- **STRATEGY #2:** Apply tailored approaches to specific neighborhood contexts to ensure new development benefits existing and future residents.
- **REALTOR®:** Infill development, adaptive reuse, walkability, and pre-approved building plans.
- **STRATEGY #3:** Strengthen neighborhoods by preserving existing housing stock and revitalizing vacant and abandoned properties.
- **REALTOR®:** Public-private partnerships, incentives, and grant programs.
- **STRATEGY #4:** Strengthen capacity of cross-sector partners to support housing preservation and development.
- **REALTOR®:** We have grants available through the National Association of REALTORS® and data to assist local governments to achieve their goals and projects.
- **STRATEGY #5:** Expand public education, communication, and advocacy to foster more support for housing programs, policies, and development.
- **REALTOR®:** Public awareness campaigns counter housing misinformation and provide market data to help local governments make informed housing policy decisions.

State-Level Solutions Supporting Local Housing Goals

- **Local Framework Goals:**
  - Encourage new housing choice
  - Support infill development
  - Broaden housing options
- **State Legislation Supporting These Goals:**
  - SB 1959: Fair Impact Fees
  - HB 1709: ADUs statewide
  - HB1814: Broaden Housing Types



Illinois REALTORS® Housing Stability & Affordability Initiative

SB 1959 (Castro) Bringing Fairness and Consistency to Impact Fees

Illinois REALTORS®' "Housing Stability & Affordability Initiative" is our latest effort to bring to bear a concentrated and comprehensive plan to address the lack of housing inventory and affordability in Illinois. Our state, like the rest of the country, faces a housing supply crisis. By some estimates, in 2024, our statewide underproduction of new homes exploded to more than 150,000, making Illinois one of, if not the worst state in the country for keeping up with housing needs.

Today, most areas of the state only have one to three months of available housing on the market. Years of low inventory have driven prices higher and higher – almost 40 percent in only five years – and increased housing instability across the state. The "Housing Stability & Affordability Initiative" puts Illinois on a path to more housing stability and affordability.

Nowhere is the housing crisis seen more vividly than in the dramatic shortage of middle-income housing – or the "Missing Middle." "Missing middle" housing is both starter homes and smaller multi-family units that are considered "affordable" by those earning between 80 percent and 120 percent of the area median income. In 2024, Illinois Gov. JB Pritzker formed the Ad-Hoc Missing Middle Housing Solutions Advisory Committee, which Illinois REALTORS® was proud to serve on, to delve deeper into the causes and effects of this issue. Specifically, the committee was tasked with developing interventions the state could pursue to address this crisis.

One of the leading contributors to the lack of new missing middle construction has been local regulations, which can add between 25 percent and 40 percent to the cost of new home construction. To target one of the components of costly local regulation, our initiative is championing SB 1959 (Sen. Cristina Castro). This bill makes changes to the state's existing impact fee law, yet another unnecessary added cost to the home building process. While state law already sets the parameters for how towns implement and charge impact fees, SB 1959 aims to bring more fairness and uniformity to this critical development mechanism.

Today, municipalities may apply inflated impact fees outside of the parameters of state law with no repercussions. Those affected are left with only a few choices, all of which are designed to discourage protest. Those include simply paying higher than necessary fees for the ability to develop residential properties, suing the city for compliance, or abandoning their residential development project all together. SB 1959 will not negatively impact any municipality that is currently in compliance with state law. Rather, the amendment proposes an incentive for towns and cities not in compliance to reform their local impact fee ordinances within the next 12-18 months. Implementation of these changes will be to bring consistency to the impact fee application process and clear the way for home builders to engage on new projects.

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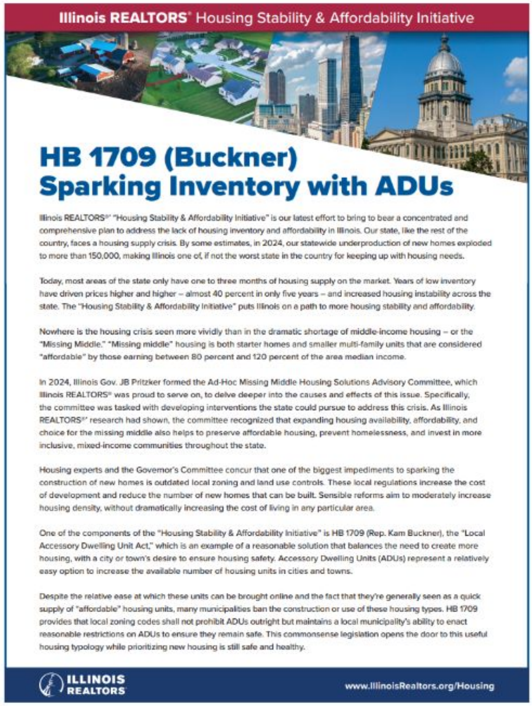

Illinois REALTORS® Housing Stability & Affordability Initiative

HB 1709 (Buckner) Sparking Inventory with ADUs

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In 2024, Illinois Gov. JB Pritzker formed the Ad-Hoc Missing Middle Housing Solutions Advisory Committee, which Illinois REALTORS® was proud to serve on, to delve deeper into the causes and effects of this issue. Specifically, the committee was tasked with developing interventions the state could pursue to address this crisis. As Illinois REALTORS®' research had shown, the committee recognized that expanding housing availability, affordability, and choice for the missing middle also helps to preserve affordable housing, prevent homelessness, and invest in more inclusive, mixed-income communities throughout the state.

Housing experts and the Governor's Committee concur that one of the biggest impediments to sparking the construction of new homes is outdated local zoning and land use controls. These local regulations increase the cost of development and reduce the number of new homes that can be built. Sensible reforms aim to moderately increase housing density, without dramatically increasing the cost of living in any particular area.

One of the components of the "Housing Stability & Affordability Initiative" is HB 1709 (Rep. Kam Buckner), the "Local Accessory Dwelling Unit Act," which is an example of a reasonable solution that balances the need to create more housing, with a city or town's desire to ensure housing safety. Accessory Dwelling Units (ADUs) represent a relatively easy option to increase the available number of housing units in cities and towns.

Despite the relative ease at which these units can be brought online and the fact that they're generally seen as a quick supply of "affordable" housing units, many municipalities ban the construction or use of these housing types. HB 1709 provides that local zoning codes shall not prohibit ADUs outright but maintains a local municipality's ability to enact reasonable restrictions on ADUs to ensure they remain safe. This commonsense legislation opens the door to this useful housing typology while prioritizing new housing is still safe and healthy.

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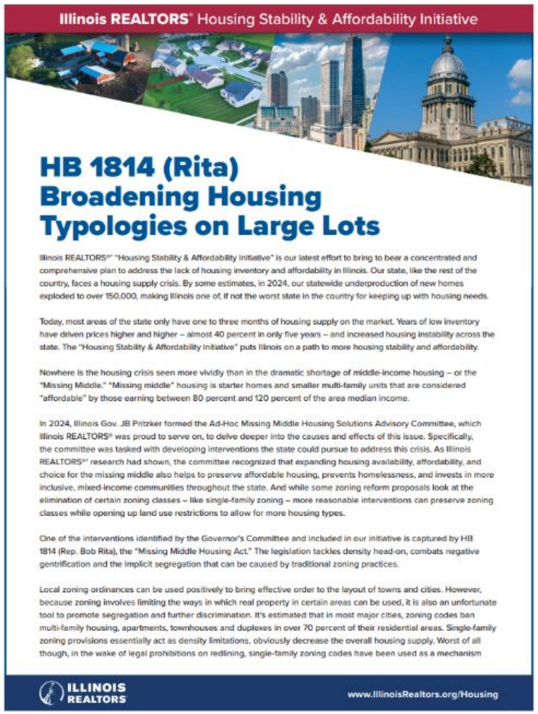

Illinois REALTORS® Housing Stability & Affordability Initiative

HB 1814 (Rita) Broadening Housing Typologies on Large Lots

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One of the interventions identified by the Governor's Committee and included in our initiative is captured by HB 1814 (Rep. Bob Rita), the "Missing Middle Housing Act." The legislation tackles density head-on, combats negative gentrification and the implicit segregation that can be caused by traditional zoning practices.

Local zoning ordinances can be used positively to bring effective order to the layout of towns and cities. However, because zoning involves limiting the ways in which real property in certain areas can be used, it is also an unfortunate tool to promote segregation and further discrimination. It's estimated that in most major cities, zoning codes ban multi-family housing, apartments, townhouses and duplexes in over 70 percent of their residential areas. Single-family zoning provisions essentially act as density limitations, obviously decrease the overall housing supply. Worst of all though, in the wake of legal prohibitions on redlining, single-family zoning codes have been used as a mechanism

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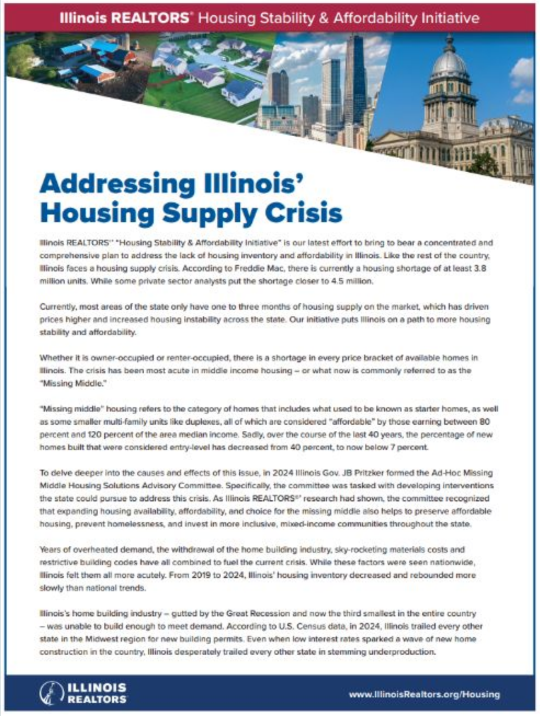

Illinois REALTORS® Housing Stability & Affordability Initiative

Addressing Illinois' Housing Supply Crisis

Illinois REALTORS®' "Housing Stability & Affordability Initiative" is our latest effort to bring to bear a concentrated and comprehensive plan to address the lack of housing inventory and affordability in Illinois. Like the rest of the country, Illinois faces a housing supply crisis. According to Freddie Mac, there is currently a housing shortage of at least 3.8 million units. While some private sector analysts put the shortage closer to 4.5 million.

Currently, most areas of the state only have one to three months of housing supply on the market, which has driven prices higher and increased housing instability across the state. Our initiative puts Illinois on a path to more housing stability and affordability.

Whether it is owner-occupied or renter-occupied, there is a shortage in every price bracket of available homes in Illinois. The crisis has been most acute in middle income housing – or what now is commonly referred to as the "Missing Middle."

"Missing middle" housing refers to the category of homes that includes what used to be known as starter homes, as well as some smaller multi-family units like duplexes, all of which are considered "affordable" by those earning between 80 percent and 120 percent of the area median income. Sadly, over the course of the last 40 years, the percentage of new homes built that were considered entry-level has decreased from 40 percent, to now below 7 percent.

To delve deeper into the causes and effects of this issue, in 2024 Illinois Gov. JB Pritzker formed the Ad-Hoc Missing Middle Housing Solutions Advisory Committee. Specifically, the committee was tasked with developing interventions the state could pursue to address this crisis. As Illinois REALTORS®' research had shown, the committee recognized that expanding housing availability, affordability, and choice for the missing middle also helps to preserve affordable housing, prevent homelessness, and invest in more inclusive, mixed-income communities throughout the state.

Years of overheated demand, the withdrawal of the home building industry, sky-rocketing materials costs and restrictive building codes have all combined to fuel the current crisis. While these factors were seen nationwide, Illinois felt them all more acutely. From 2019 to 2024, Illinois' housing inventory decreased and rebounded more slowly than national trends.

Illinois's home building industry – gutted by the Great Recession and now the third smallest in the entire country – was unable to build enough to meet demand. According to U.S. Census data, in 2024, Illinois trailed every other state in the Midwest region for new building permits. Even when low interest rates sparked a wave of new home construction in the country, Illinois desperately trailed every other state in stemming underproduction.

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Housing Strategy Framework Success Example: Garrett Street Mixed-Use Housing Development (400 Units)

- Includes **senior, workforce, and market-rate apartments**, addressing multiple housing needs across income levels.
- Represents one of Rockford's largest residential projects in decades, **redeveloping underutilized commercial land** into high-quality housing.
- Approved by City Council 10-3 despite initial opposition, demonstrating growing support for infill and zoning reform.

Rockford's Housing Boom Continues

- **<u>Water Power Lofts:</u>** $32 million redevelopment of a former foundry into 60 one-bedroom and 4 two-bedroom units, completed 30 months. Rents run from $1,350 to $2,250. **<u>They rented before completed!</u>**
- **<u>Chick-House Flats:</u>** $14 million redevelopment a 168-year-old pre-civil war building. Construction 2 years with 14 one-bedroom lofts and 4 two-bedroom units starting @ $1,500.

Urban Equity Properties is literally taking Rockford *up a level*. Right now, about 2,900 people live downtown, but their vision is to bring **15,000 residents** over the next 20 years. That means going *vertical,* more mixed-use, more adaptive reuse, and more housing options in the city core.

Responding to Market Pressures

Housing Challenges

- **Inventory down 41%:** Only **16.5 days of supply**
- **Record-high prices at:** **$231,261** (3-county average)
- **Demand far exceeds supply:** limiting available homes
- **Rising inflation and material costs:** Push prices higher
- **In-migration from costly metros:** Adds market pressure for existing Rockfordians
- **More housing needed:** Across all price points

City Actions and Opportunities

- **Property Tax Rebate Program:** Joint program between school district, city and participating taxing bodies to rebate property taxes for new construction. Including rental.
- **Permit & Regulatory Streamlining**
- **Grant Programs and Tax Abatements**
- **Community Development Financial Institution (CDFI)**
- **Northern Illinois Land Bank**
- **Reformed Winnebago County Trustee Program**
- **Maximizing CDBG, HOME, & additional federal and state investments** for housing and neighborhood revitalization.
- Reviewing zoning and land-use policies with continued stakeholder input

Contact Information

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- **Link to Rockford Strategy Framework:** https://www.rockfordil.gov/CivicAlerts.aspx?AID=166

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