

# UNLOCKING OUR HOUSING PLAN





## Housing Supply Crisis is Squeezing the Real Estate Industry: Higher Costs are Hurting Illinois Families


Illinois families are struggling under the burden of out-of-control housing costs. And the housing crisis isn't abstract; it's hitting Illinois families' wallets and causing some to put off homeownership. To put it simply: the state needs more affordable housing. Illinois is short 142,000 homes and would need to build 225,000 homes in the next five years just to keep up with demand, according to experts.


**ILLINOIS WOULD NEED TO TRIPLE NEW HOME CONSTRUCTION EVERY YEAR FOR FIVE YEARS STRAIGHT JUST TO MEET EXISTING DEMAND**


Illinois REALTORS® has advocated for policies to expand housing opportunities statewide for over five years. Gov. JB Pritzker has made housing one of his top priorities this spring with his **Building Up Illinois Developments**, or **BUILD** plan. From small towns to large cities, the BUILD plan will ease housing costs for everyone in Illinois while protecting home values and preserving neighborhood character and communities.


**THE HOUSING SUPPLY CRISIS HAS COST ILLINOIS APPROXIMATELY \$2 BILLION IN BROKERAGE ACTIVITY AND ABOUT \$9.7 BILLION IN GROSS ECONOMIC IMPACT IN THE LAST 5 YEARS ALONE**


### If enacted, this package would accelerate new home construction by:


 Eliminating local bans on small "in-law units" or backyard cottages, as long as they meet safety and zoning standards.


 Allowing smaller multifamily buildings to use a single staircase for entry/exit when it is shown to be just as safe as two staircases.

 Allowing modest duplexes, triplexes, or four-unit homes on larger residential lots to increase housing options while preserving neighborhood character.

 Ending local abuse of residential impact fee formulas via transparency, predictability and standardization.

 Legalizing single family starter homes, like ranches and bungalows, on smaller lots.

 Overhauling local bureaucracy and red tape by creating permit-review deadlines and allowing third-party review/inspection when municipalities are unable to perform their duties.

 Reducing local parking minimums that add unnecessary costs to construction and use up precious space.

## THE BUILD PLAN LEGISLATION

**House Bill 5626 Summary** The BUILD plan, which if passed would go into effect Jan. 1, 2027, combines a series of bills into a single housing affordability package. In the Illinois House it is HB 5626. In the Illinois Senate, the proposals are broken into six separate bills.

### Senate Bill 4060 - Middle-Housing Zoning Reform

Local governments could no longer outlaw modest townhomes, duplexes and other small multifamily buildings on large residential lots. This will allow teachers, nurses and other working families to afford to live closer to where they work while preserving neighborhood character. **Sixty-five percent of Illinois voters support** allowing these buildings on larger residential lots.

In residential districts that allow detached single-family homes, municipalities would also be required to provide residential lots of up to 2,500 square foot for a detached single family home.

It also requires cities to allow conversions of existing homes to middle housing, bars more restrictive standards than those applied to detached single-family homes, limits discretionary review, and sets default statewide standards if the municipality does not adopt conforming amendments within eight months.



## DON'T BE FOOLED: THE BUILD PLAN WAS DESIGNED TO MODIFY **EXISTING STATEWIDE BUILDING AND ZONING STANDARDS** AND PRESERVES **LOCAL CONTROL OVER THE APPROVAL OF NEW DEVELOPMENTS**

### Senate Bill 4062 - Impact-fee standardization

Impact fees are a legitimate tool when they are administered consistently, with transparency and within the limits of Illinois statute. However, too many local governments are, at best, pushing the limits of the law and, at worst, actively discouraging homebuilding with high impact fees. SB 4062 brings transparency and consistency to impact fees which will encourage homebuilding through predictability and reasonability in fee structures.

Municipalities already authorized to levy impact fees would use a statewide DCEO formula, calculator/worksheet, cost tables, multipliers, and model ordinance. The new formula allows consideration of local factors, recognizing not every town is the same. Cities and towns could charge less than the formula result, but not more.

### Senate Bill 4071 - Eliminating local “in-law unit” bans

Illinois voters overwhelmingly support (86 percent) making it easier to build a small addition on their property so an aging parent or an adult child can live nearby. Accessory dwelling units (ADU) support is 91 percent among Democrats, 80 percent among Republicans, and 84 percent among Independents. However, the vast majority of local governments ban these types of additions despite ADUs helping families stay together and care for each other without leaving town. SB 4071 would end the ban on ADUs:

- ▶ Municipalities would allow ADUs in all districts permitting single-family homes, and subject them to the same general (including safety, building and zoning) standards as the principal dwelling.
- ▶ ADUs may be newly constructed or created through conversion of garages, basements, attics, or backyard cottages.
- ▶ Municipalities may limit properties to one ADU per lot but may not impose additional requirements related to parking, familial occupancy, size, or bedroom limits

### Senate Bill 4063 - Plan review / inspection deadlines with third-party fallback

Families who wish to build homes face a labyrinth of confusing local government reviews, deadlines, inspections and approvals. Clarifying and standardizing high quality and efficient plan review, permitting and inspection deadlines will help Illinois families and builders navigate the homebuilding process with ease.

The bill creates transparent and uniform standards for plan review, permit issuance and inspections:

- ▶ Municipalities would complete initial review within **15 business days** for one- and two-family projects and **30 business days** for multifamily, mixed-use, or commercial projects, with **10 business days** for later review cycles.
- ▶ If the municipality misses the deadline, the applicant can hire a qualified third-party reviewer; if inspections are missed by **two business days**, the applicant can hire a qualified third-party inspector.
- ▶ Municipalities must accept compliant reports, reduce their fees accordingly, and cannot charge for work done by the third party.

## WHAT ILLINOIS VOTERS ARE SAYING:

**81%**

Say housing is getting less affordable

**65%**

Support allowing modest duplexes, triplexes or four-unit homes on larger residential lots

**59%**

Bipartisan support for housing affordability being a top legislative priority

**33%**

Have cut back on essentials to afford housing

### Senate Bill 4064 - Eliminating costly parking minimums

Local parking requirements significantly drive up construction costs and use up scarce land. Often, the expensive, mandated parking garages sit empty in walkable neighborhoods. Commonsense reform will encourage construction of less dense, more affordable housing options for working families.

SB 4064 sets commonsense standards including:

- ▶ Municipalities could not require more than 0.5 spaces per multifamily unit or 1 space per single-family home, and
- ▶ Could not impose minimum parking for small dwellings under 1,500 square feet, affordable housing, assisted living, ground-floor commercial in mixed-use buildings, or office-to-residential / nonresidential-to-residential conversions.

**Senate Bill 4061 - Single-Stair Reform** Counties and municipalities would allow smaller multifamily residential buildings to be constructed with one stairway as the exit, provided that multiple additional safety requirements are met. Research from the Pew Charitable Trusts shows modern single-stair apartment buildings with sprinklers and other fire protections perform as safely as comparable buildings with two stairways and significantly bring down costs, making housing more affordable. Single stairway new construction would only be allowed if:

- ▶ The building is less than six stories
- ▶ Has fire suppression sprinklers in the stairway
- ▶ Self-closing unit doors
- ▶ Smoke detection
- ▶ Rescue openings
- ▶ No more than four units per floor

This legislation also expressly limits inconsistent home rule regulation.

# \$177 BILLION

The amount the real estate industry generates in gross state product for Illinois annually.

## More FACTS about the BUILD Plan

### ✓ The legislation preserves local control

States routinely set statewide standards affecting housing and land use, including building codes, accessibility requirements, and fair housing laws. Research shows restrictive local land-use regulation can limit housing supply and increase housing costs. The BUILD plan seeks to implement best standards and practices while ensuring that local governments maintain local control over most building and zoning codes, safety standards, plan approval and inspections.

### ✓ Third-party review strengthens oversight

Third-party review provisions are designed to address permitting delays when municipalities fail to meet review deadlines. Building codes and safety standards remain unchanged, and municipalities retain authority to enforce code compliance and issue stop-work orders.

### ✓ Removing parking minimums won't cause parking shortages

Parking mandates can significantly increase development costs and limit housing supply. Peer-reviewed research finds that minimum parking requirements raise housing costs and discourage smaller units.

### ✓ Single-stair buildings are just as safe as double-stair buildings

Evidence suggests modern single-stair apartment buildings with sprinklers and other fire protections perform as safely as comparable buildings with two stairways.

### ✓ Impact fee changes will grow and stabilize infrastructure funding

The bills do not eliminate impact fees but standardize how they are calculated and applied. Research shows high or unpredictable development fees can increase housing costs and discourage development and thus, the revenues that flow from that development.

### ✓ Allowing starter homes like duplexes, small single family and "in-law units" protects neighborhood character and strengthens family and community bonds

Most housing allowed under these bills consists of small scale, incremental additions such as ADUs, duplexes, or fourplexes. Development of these housing types typically occurs gradually and depends on individual property owners or small builders rather than large developers.