

SHAPE Illinois (Supporting Housing Affordability, Progress and Equality) recognizes an urgent need for the State of Illinois to develop strategies aimed at a balanced housing approach – policies that will encourage additional supply of market-rate, affordable, and workforce housing units.

According to a comprehensive 2017 study from the National Multifamily Housing Council and the National Apartment Association, Chicagoland is expected to require 48,000 new apartments by 2030 to keep pace with local demand. Driven by an aging population who favors rentals, international immigration, and fewer home purchases, the results are an increased need for new apartments. In Chicago, housing dynamics have shifted as more people are moving away from buying houses and opting for apartment rentals, especially single and two-person households.

Adding 48,000 new apartments would not only satisfy anticipated housing needs, but it would also increase economic activity across Chicagoland in related industries. Plus, there is a growing need for renovations and improvements on existing apartment buildings, which will also provide a boost in employment, because roughly half of the apartment stock was built pre-1980.

As housing supply increases, a balanced approach should be centered on providing more *affordable housing* and *workforce housing*, defined as homes for middle-class families, or more specifically those who earn between 50-120 percent of the area median income. Public policy solutions like rent control would be counterproductive, discouraging the construction of new homes and limiting the affordability of needed renovations.

Under a rent controlled environment – even one that is permitted rent increases at the modest rate of inflation – there is no room to account for increased property taxes, substantial renovations, or unexpected larger expenses. For example, the cost of water in the City of Chicago has doubled over the last six years to help pay public pension debt, so if rent control were already enacted, unforeseen fees such as higher water bills would significantly discourage the construction of new assets under the high-risk reality of artificial price caps established by rent control.

In the City of Chicago’s current regulatory climate, new apartment development is more often pursued only for higher-end units to justify construction costs because investment in rental housing is made too expensive by burdensome regulations, drawn-out approval processes, unstable state and local finances, high property taxes, increased fees, and aggressively litigious tenant advocacy groups. Adding to the affordable housing construction barriers, neighbors often protest even the consideration of new affordable developments when it is too close to their own backyard.

Instead of rent control, lawmakers should be focused on attracting more multifamily housing to be built, translating to lower prices through increased supply, while delivering needed units to keep pace with soaring demand. SHAPE Illinois would like a seat at the table to develop more viable, balanced, longer-term solutions.

STATEWIDE HOUSING NEEDS

- INCREASED SUPPLY OF MARKET-RATE, AFFORDABLE, AND WORKFORCE HOUSING
- 48,000 NEW APARTMENTS IN AND AROUND CHICAGOLAND BY 2030
- RENOVATIONS AND IMPROVEMENTS TO OLDER APARTMENT STOCK
- WELCOMING NEIGHBORHOODS FOR NEW AFFORDABLE DEVELOPMENTS

BARRIERS TO HOUSING NEEDS

- RENT CONTROL PROPOSALS WITH ARTIFICIAL PRICE CAPS
- BURDENSOME REGULATIONS AND EXTENDED PERMIT PROCESSES
- HIGH PROPERTY TAXES AND UNEXPECTED NEW FEES
- NIMBY ATTITUDES BLOCKING NEW AFFORDABLE ALTERNATIVES