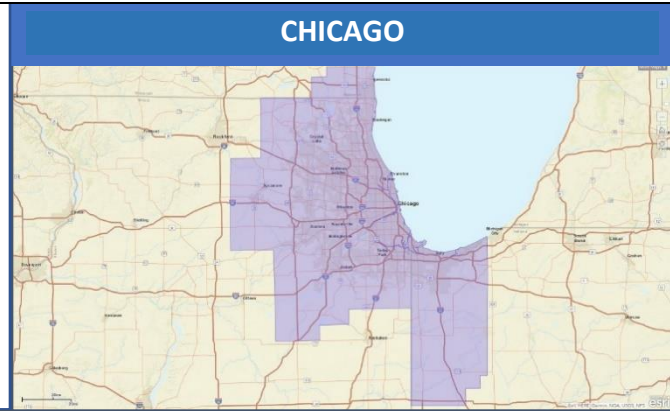
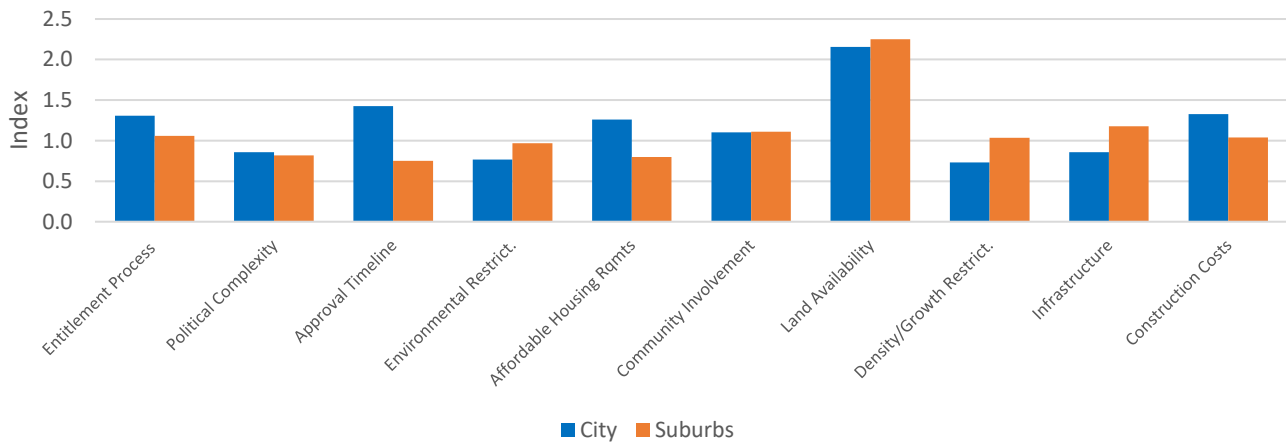


## BARRIERS to APARTMENT CONSTRUCTION 2020 UPDATE

- Chicago does many things well, balancing environmental, density, infrastructure and affordable housing requirements with reasonable process and political complexity.
- However, the score for the large metro area which encompasses many jurisdictions masks important regional differences.
- Survey respondents list the City of Chicago (Cook County) as “fairly difficult” to build within, citing increasing affordability requirements, high construction, labor and land costs, and lengthy approval processes.
- Lake County, bordering both the city and Lake Michigan also poses a number of environmental, density and infrastructure challenges.
- Chicago’s suburbs are even likelier to have more restrictive density, infrastructure and environmental restrictions than the city.



Chicago Barriers to Supply Subindices by Region



With 9.5 million people, the Chicago MSA covers multiple counties, municipalities and political wards, allowing for wide variances in policies and processes that impact new construction. We focus here on some high-level variances across the MSA. But first a few factors were noted consistently across the region as being important in impacting new supply, including NIMBYism, little success on appeals, required community meetings for zoning requests, and a lack of available land - which are exacerbated by a number of conservation bonds that have passed at the state and local levels.

While the Chicago-metro overall does not rate as highly restrictive as some other areas of the country (ranked 9<sup>th</sup> easiest of 58 markets in 2019), there are significant differences between the city of Chicago and the suburbs. Some of these issues are significant enough (such as long and increasing approval timelines for zoning or rezoning, changing design criteria, and historic district restrictions) to cause survey respondents in the city to rate the area as a fairly difficult market in which to build. Survey respondents note that a development specialist is often needed to guide developers through the approval process in the city. Furthermore, affordable housing requirements, high land, labor and construction costs, and lengthy and unknown approval processes pose significant restrictions on new supply.

The suburbs face different issues as they are more likely to have density restrictions and less likely to have by-right development processes than the city. Lake County developers, in particular, need to navigate a number of environmental, flood zone, traffic and open space requirements as well as infrastructure requirements and fees. Cook County’s Just Housing Ordinance and Chicago’s “Residential Landlord and Tenant Ordinance (RLTO) create tenant-friendly environments that deter investment. Counties further from the city center are more likely to restrict building based on height restrictions, higher parking requirements, and fewer transit parking exemptions. Local councils, especially in the City of Chicago, have a very high influence on new development.

These NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development, process and timing questions in ten categories and sourced digitally from real estate professionals in both the public and private realms through 2019 and 2020 surveys.