Kreisman Initiative Housing Challenge (KIHC) 2025

Team Information

1. Prabhdeen Kaur

- Contact Information (Email id): prabhdeenkaur@uchicago.edu
- Contact Information (Phone No.): +1 469-990-7202
- Degree Program: MPP, 2026

2. Siddha Khatal

- Contact Information (Email id): siddha3014@uchicago.edu
- Contact Information (Phone No.): +91 9112210011
- Degree Program: MACRM, Dec' 2025

3. Jiayu Zhao

- Contact Information (Email id): jiayuzhao@uchicago.edu
- Contact Information (Phone No.): +1 773-673-0732
- Degree Program: MASCAPP' 2026

4. Julian Huang

- Contact Information (Email id): julianhuang@uchicago.edu
- Contact Information (Phone No.): +1 917-502-8360
- Degree Program: The College' 28

Kreisman Initiative Housing Challenge (KIHC) 2025

Reclaim, Reform, Rehouse – The 3R's for Affordable Housing

Executive Summary

Cook County faces a shortage of **126,165 affordable rental units** for Low-Income (ELI) renters[1]. This crisis contributes to record homelessness, with **771,480 individuals** unhoused in 2024, an **18% increase**, including **150,000 children**[2]. **76% of extremely low-income renters** in Chicago are severely cost-burdened, increasing their risk of homelessness.[3]

To address this challenge, this proposal presents a two-part strategy aimed at increasing supply, ensuring long-term affordability, and preserving neighborhood stability. The first component, ChiHousingHub, is a centralized digital infrastructure that integrates vacancy registration, streamlined permitting, and financing tools to enable the adaptive reuse of long-vacant residential and commercial properties. The second component, the Unified Housing Initiative, introduces zoning reforms and development incentives to facilitate small-scale, mixed-income housing construction in underbuilt neighborhoods. It includes graduated density zoning, inclusionary zoning overlays, and land transfers to community land trusts (CLTs) to ensure affordability and community control over time.

The implementation plan is structured across three phases from 2025 to 2035. The first phase pilots key reforms and legal mechanisms in high-vacancy neighborhoods such as Englewood, South Shore, and North Lawndale. Phase two expands zoning and redevelopment tools to additional areas, while phase three institutionalizes the reforms citywide. Neighborhoods are selected through a spatial analysis combining vacancy data, transit access, income levels, and racial equity indicators to ensure targeted, equitable investment.

This phased, location-sensitive approach builds legal, financial, and community capacity alongside unit delivery. It is designed to produce sustainable, scalable outcomes while mitigating displacement risk, enabling long-term affordability, and ensuring that Chicago's most impacted residents are at the center of housing policy solutions.

A. ChiHousingHub: A Centralized Marketplace for Reactivating Vacant Housing

ChiHousingHub is a publicly managed digital platform to consolidate information on vacant residential and commercial properties—both public and private—and connect them with tools for rehabilitation, conversion, and affordable lease-up. It builds on the City's ChiBlockBuilder infrastructure and focuses on turning idle stock into long-term affordable units.

[1] New Data Reaffirms Long Standing Shortage of Affordable Homes For Extremely Low-Income Renters In Illinois And Chicago))

[2] (FT, 2024The growing problem of child homelessness in the US)

[3] New Data Reaffirms Long Standing Shortage of Affordable Homes For Extremely Low-Income Renters In Illinois And Chicago)

Key Components:

i. **Vacancy Registration Ordinance**
Mandates all residential and commercial properties vacant for 5+ years to register. Noncompliant owners are fined; compliant owners receive access to rehab grants and permitting support.

ii. **Fast-Track Conversion Zone**
Special zoning and permitting track for properties near transit and retail corridors (e.g., 63rd St, Madison-Austin). Prioritizes conversion of:
- Vacant storefronts and strip malls
- Abandoned single-family homes into 2–4 unit rentals
- Underutilized lots into ADUs

iii. **Rehabilitation Financing**
- Matching grants and 1.5–3% APR loans for small landlords
- $10,000/unit tax abatement for 5 years on affordable units

iv. Owner & Tenant Incentives
- Free registration on the platform
- Rental insurance-backed lease bonuses: e.g., 3-month subsidy for landlords offering 2-year leases to low-income tenants
- Legal protections: Verified contract templates, city-backed legal aid, and dispute resolution via platform

v. Governance Structure
- Joint task force under the Department of Housing, including Planning, Buildings, and Law
- Public dashboard for unit tracking, enforcement status, and community access

vi. Pilot Rollout
- Starts in Englewood, South Shore, and North Lawndale
- Prioritizes parcels near transit, retail, and parks
- Community groups engaged for outreach and enforcement monitoring.

B. Unified Housing Initiative: A Zoning & Development Reform Package for Inclusive Growth

The **Unified Housing Initiative** enables new construction of mixed-income housing in underbuilt areas by reforming zoning, layering in affordability mandates, and providing incentives for developers and community land trusts.

Key Components:

i. **Graduated Density Zoning**
- Allows 2–6 unit buildings in single-family zones (duplexes, ADUs, triplexes)
- Encourages height increases and infill on underbuilt parcels
- Paired with form-based design templates and fast-track permitting

ii. **Inclusionary Zoning Overlay**
- Requires 10–20% affordable units in upzoned areas
- Incentivized with:
  - Density bonuses
  - Reduced parking minimums
  - Pre-approved building plans
- Enforced with 30-year affordability covenants

iii. **Mixed-Income, Mixed-Profit Model**
- 20% of units: deeply affordable (<60% AMI) – zero-profit units
- 30%: moderate-income (5% capped margin)
- 50%: market rate (15–20% margin)
- Ensures project viability while embedding affordability

iv. **Developer Incentives**
- 10-year tax abatements up to 80% for affordable units
- Subsidized construction materials for affordability-linked projects
- As-of-right approvals for qualifying developments

v. **Community Land Trust (CLT) Integration**
- $10M fund to support CLT land acquisition
- Vacant parcels transferred to CLTs via land bank pipeline
- CLTs manage housing for permanent affordability with community oversight

vi. **Supermarket-Integrated Housing Pilots:**
- Encourages affordable rental units above grocery stores in land-constrained neighborhoods
- Cites successful precedents (e.g., Trader Joe's housing overlay in LA)
- Requires community design consultation before approval

Phase Wise Implementation and Financial Model

Phase & Timeline	Key Initiatives & Milestones	Estimated Total Cost	Funding Mix & Sources	ROI & Cash Flow Targets	Risk, Sensitivity & Mitigation	Model Rationale & Assumptions	Stakeholder	Benefits
Phase I (2025–2026)	- **Pilot Launch:** Develop and deploy the ChiHousingHub platform.	$30 million	- **Public (30%):** $9M via government grants, tax abatements, and public land contributions	- **Revenue:** $3–$4M/year from rental leases (subsidized agreements, occupancy targets at 80–85%).	- **Sensitivity:** Construction or technology cost increases by 10% can extend break-even by 1–2 years.	- Developed based on comparative case studies (e.g., adaptive reuse in urban centers).	**City Government / Housing Authority**	Policy innovation, improved housing utilization, pilot results for scaling
	- **Regulatory Setup:** Enact Vacancy Registration Ordinance; initiate pilot zoning reforms in targeted neighborhoods (Englewood, South Shore, North Lawndale).		- **Private (50%):** $15M from developer equity, low-interest loans (1.5–3% APR), and pilot bonds.	- **Cash Flow:** Initial negative flow; break-even expected in early Phase II.	- **Mitigation:** Use performance-based incentives and matched funding schemes to cushion cost variations.	- Pilot costs and revenues estimated from similar municipal projects and expert consultations.	**Tech Developers / Urban Planners**	Implementation contracts, proof-of-concept for further work
	- **Property Reactivation:** Convert 100–200 vacant properties via adaptive reuse and rehabilitation measures.		- **Philanthropy (20%):** $6M from non-profit grants and community impact funds.	- **ROI:** Not applicable yet; focus on laying groundwork.	- **Stakeholder Risk:** Shared through phased public and private commitments.		**Property Owners / Landlords**	Support to reactivate vacant properties; rental income.
	- **Community Engagement:** Launch initial community advisory boards and stakeholder workshops.							

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Phase II 2027–2030)	- **Platform Scaling:** Extend ChiHousingHub to 5,000+ properties and integrate enhanced data overlays (transit, crime, retail access).	$60 million	- **Public (25%):** $15M through expanded tax abatements, regulatory support, and additional public land contributions.	- **Revenue:** $8–$10M/year from stabilizing rental income streams and platform service fees.	- **Sensitivity:** Variations in occupancy rates and market rent fluctuations are modeled using Monte Carlo simulation.	- Model assumptions validated with market rent studies and pilot occupancy rates from Phase I.	**Private Investors / Developers**	Returns from scalable rental markets and equity stakes.
	- **Redevelopment:** Launch larger redevelopment projects targeting 2,500+ mixed-income units using adaptive reuse and new construction.		- **Private (60%):** $36M from increased developer participation, bond issuances, and low-cost loans.	- **Cash Flow:** Near break-even with modest surplus if occupancy exceeds 85%.	- **Mitigation:** Incremental funding releases tied to performance milestones and accelerated occupancy programs.	- Cost estimates adjusted from pilot learnings, with progressive scale improving efficiencies.	**Tech Companies (Platform Scaling)**	Long-term contracts for tech development, scalability proof.
	- **Zoning Reforms:** Expand graduated density zoning and inclusionary overlays in additional neighborhoods.		- **Philanthropy (15%):** $9M via renewed non-profit support and local impact funds.	- **ROI:** 5–8% projected based on subsidy stabilization and increased property values.	- **Operational Risks:** Diversified revenue mitigates market downturns.		Municipal Planning Departments	Efficient data-driven urban planning and revitalization at scale
	- **Institutional Partnerships:** Strengthen developer and community land trust (CLT) collaborations.							

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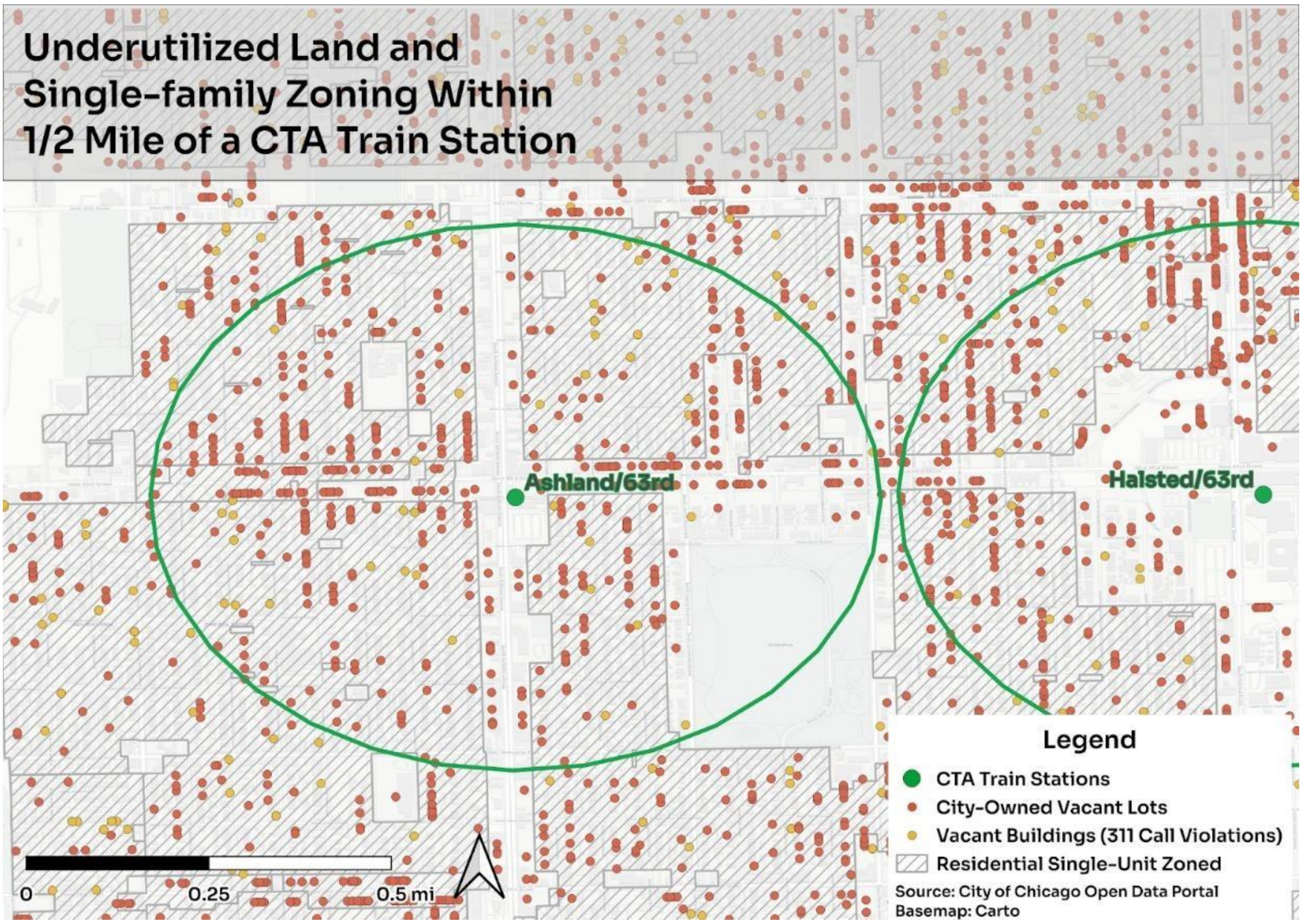
Phase III (2031–2035)	- **Citywide Institutionalization:** Implement ChiHousingHub across all 77 community areas with advanced real-time dashboards.	$100 million+	- **Public (20%):** $20M from established long-term subsidies, regulatory streamlining, and land contribution programs.	- **Revenue:** $15–$20M/year from maturing rental agreements, tax incentives, and additional service fees.	- **Sensitivity:** Lower operational risks due to mature systems; model stress-tested against economic fluctuations.	- Final phase built on long-term market stabilization trends and sustained operational performance.	National & Regional Government Agencies	Streamlined urban policies.
	- **Massive Redevelopment:** Deliver 15,000+ new infill and adaptive reuse units, normalizing zoning reforms across the city.		- **Private (70%):** $70M from robust developer investments, advanced bonds, and sustained equity inflows.	- **Cash Flow:** Consistent positive surplus, enabling reinvestment.	- **Mitigation:** Comprehensive monitoring via the ChiHousingHub dashboard and flexible reinvestment strategies.	- Assumptions based on advanced urban redevelopment models and proven policy interventions.	Major Real Estate Developers & Investment Firms	Diversified, secure returns.
	- **Sustainable CLT Expansion:** Scale community land trust acquisition and management to secure permanent affordability.		- **Philanthropy (10%):** $10M via continuous community and non-profit contributions.	- **ROI:** 10–15% projected with full stabilization and urban appreciation benefits.	- **Risk Sharing:** Increased private risk absorption through enhanced market confidence.		Advanced Technology Partners & Data Analytics Firms	Smart, data-driven management.
	- **Long-Term Reinvestment:** Use operating surplus to fund maintenance and further innovations.							

Locational Strategy and Targeted Density Expansion

Our proposal addresses the “where” of housing delivery by concentrating development in underbuilt, transit-connected areas that offer the highest potential for sustainable growth. Specifically, we target single-family parcels within a **half-mile buffer of CTA rail stations and a 1,000-foot radius of designated pedestrian corridors. This GIS-identified inventory—41,557 parcels in total—represents Chicago’s clearest opportunity to unlock gentle density while preserving neighborhood character**. Spatial prioritization is visualized in the Overview Map, Vacancy Map, and Zoning Map, which together illustrate land availability, current zoning classifications, and areas of long-term disuse targeted for upzoning.



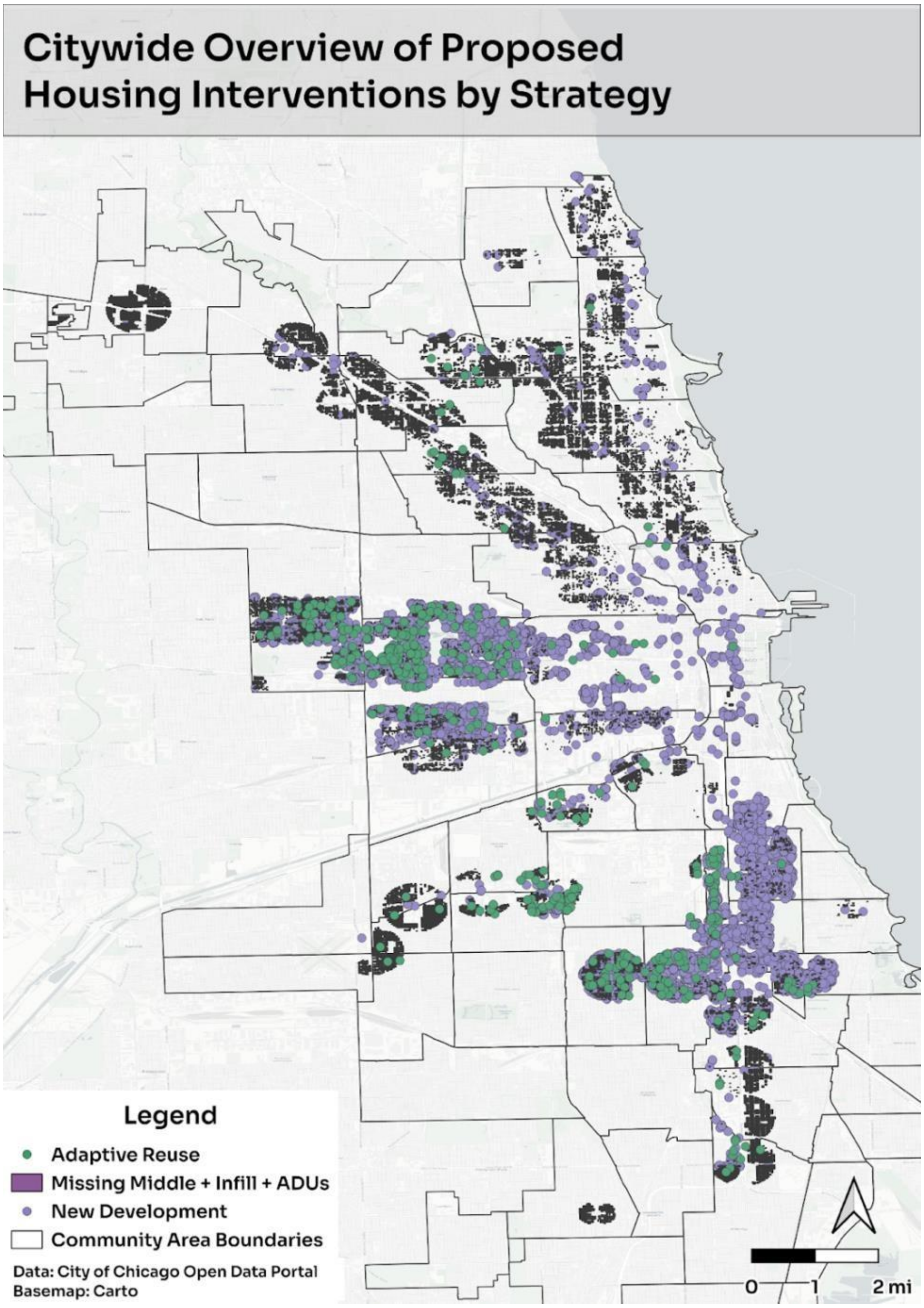
Overview Map

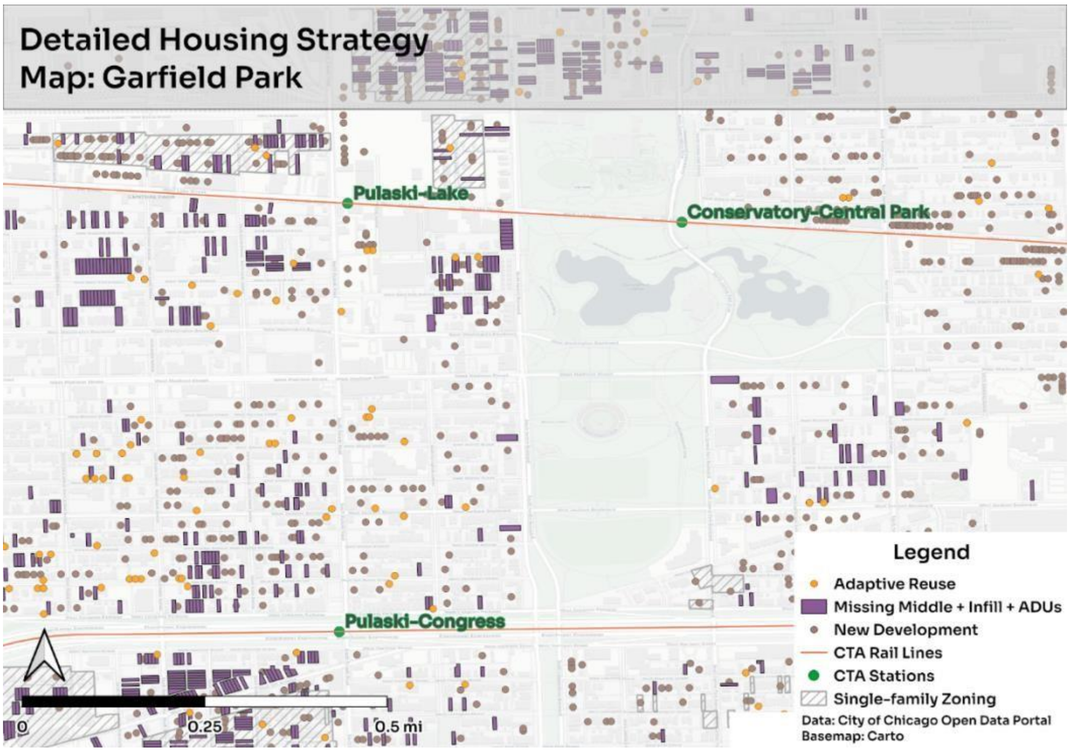
In Phase I, these parcels are flagged for by-right triplex conversion, with additional density bonuses of up to six units per lot for those located adjacent to CTA lines and meeting affordability criteria. For example, **a fourth unit may be permitted if one is reserved for families earning below 30% AMI.** This zoning framework draws on successful models from Portland and Minneapolis, emphasizing both flexibility and equity. Chicago's existing ADU ordinance will also be expanded to allow basement or backyard units by right, offering low-cost entry points for multiunit living.

This method is both data–driven and politically grounded, paving the way for gradual implementation and serving as a model of 'missing middle' housing that offers sustainable, inclusive growth, with a wide variety of housing types. By allowing triplexes and multi-unit housing on the **41,557 single-family parcels located near transit and pedestrian corridors, our upzoning framework could produce approximately 37,401 affordable new housing units over the next two decades—even under conservative assumptions of 15% redevelopment and modest density bonuses. If extended citywide with a lower 5% uptake rate**, this policy could enable more than 80,000 new affordable units across Chicago, unlocking gentle density while preserving neighborhood character.

Methodology

Our methodology for identifying "where we build" relies on a location-sensitive, GIS-powered analysis that prioritizes sustainable, infrastructure-aligned growth. Using city-provided datasets, we flag parcels as vacant if they have less than a 20% building footprint or are listed in municipal vacancy inventories. These parcels—excluding parks—are spatially distributed across Chicago and represent prime opportunities for housing delivery through redevelopment or infill.





We apply a form-based design approach to ensure that new construction is human-scaled, streetfacing, and architecturally compatible with surrounding neighborhoods. This includes low-rise to mid-rise structures and modern infill townhomes that preserve neighborhood character while increasing capacity, with a diversity of housing types (no more than 60% per type).Density modeling is context-specific: parcels near CTA transit and pedestrian corridors are targeted for 80–100 units/acre, while sites in lower-access zones apply 40–60 units/acre thresholds. These targets are based on established urban planning parameters, including **allowable FAR, lot area, and infill suitability. Conservative estimates (20% of possible units built and affordable) are 24078 new affordable units from infilling vacant land, 9717 units from new developement on city-owned land inventory near urban assets, and 1179 units from adaptive reuse of currently vacant buildings. N**ote that these estimates greatly increase (up to 3x) if we pursue new development in other areas.

By combining strategic upzoning with infill and ADU expansion**, we estimate this methodology can unlock in totality, due to both upzoning (37,000 - 117,000 units) and providing a framework for infill + adaptive reuse (35,000+ units), our proposal provides feasible pathways to build more than 126,000 affordable units.**

Challenges and Limitations

Key risks include financing volatility, mitigated through phased disbursements and matched public-private contributions. Community resistance to zoning reforms is addressed via advisory boards, targeted outreach, and “gentle density” framing. Low uptake by small property owners is countered with technical assistance, fast-track permitting, and rehab subsidies. Coordination gaps across agencies are managed through a mandated interdepartmental task force and a centralized tracking dashboard.

Word Count: 1391 (Excluding team member details and references)

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