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IMPROVING HOUSING AFFORDABILITY IN CHAMPAIGN COUNTY

WAYS TO FIX THE LOCAL HOUSING SHORTAGE

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Executive Summary

Champaign County, Illinois is facing a housing shortage that has caused home prices and rents to rise, leaving many families unable to find or afford housing. The median sales price of a home in Champaign County has increased by 14 percent over the past year and 44 percent of renters in the county are "cost-burdened," spending 30 percent or more of their incomes on housing.

Housing affordability has worsened in Champaign County, but the area remains more affordable than the rest of the United States. As of July 2025:

- Champaign County's average home value was $224,000, up 37 percent since 2019.
- Champaign County's average rent was over $1,300 per month, up 41 percent since 2019.
- Both home values and rental rates are lower in Champaign County than the U.S. average ($360,000 and about $2,000 per month, respectively).

Champaign County's housing shortage has been driven by demand, supply, and regulatory factors.

- Champaign County has experienced robust economic growth, with employment increasing by 6 percent and gross domestic product (GDP) expanding by 32 percent from 2015 to 2023.
- Champaign County now has a record 84,000 households, up 5 percent since 2015.
- Active listings of homes for sale in Champaign County are 73 percent lower than in 2019.
- Champaign County has only had about 600 building permits for new homes annually since 2021, down 51 percent compared to pre-pandemic levels.
- Restrictive zoning laws and lengthy permitting timelines have limited new developments and delayed housing construction projects.

Champaign County currently faces a shortage of 3,000 homes and needs to build 4,400 units over the next five years to keep pace with demand.

- Champaign County needs 3,000 more homes to address current demand and pent-up demand from "missing households" that would otherwise form under favorable market conditions.
- Resolving the shortage and accounting for future growth means that Champaign County needs to build about 900 homes annually over the next five years, which would represent a return to pre-pandemic levels.

Habitat for Humanity of Champaign County, a nonprofit organization founded in 1991, offers a local case study for successfully delivering affordable housing units.

- The organization has built 1,350- to 1,450-square-foot homes and sold them at an average of $150,000 with 0 percent interest to 144 low-income families.
- A 2025 University of Illinois at Urbana-Champaign survey found that families in Habitat for Humanity homes had improved abilities to pay off debts and manage bills, experienced better sleep quality, and reported improved school attendance and grades for school-aged children.

To boost housing supply and make housing more affordable, State and local officials could:

1. Increase grant funding for nonprofit organization and create a low-interest loan for developers who build affordable housing units to alleviate the shortage for low-income families.
2. Provide lower-income renters with tax credits to address the affordability crisis.
3. Ease zoning restrictions to expand housing construction and enable greater density.
4. Fast-track permitting processes to reduce costly delays in new home construction.
5. Establish tax incentives to convert more commercial buildings into residential units.

The data shows that enacting popular, bipartisan policy solutions can resolve the housing shortage and improve affordability for current and future residents.

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Introduction

Illinois faces a critical shortage of 142,000 homes that has increased home prices and rents, leaving many families unable to find or afford housing (Manzo & Bruno, 2025). Nationally, the housing shortage amounts to a deficit of between 2 million and 4 million housing units (Jones & Hale, 2025; Villa, Rosen, & Chen, 2024; Khater et al., 2024). These shortages have been caused by strong employment growth, demographic shifts, the rise of remote work altering residential preferences, decades of underbuilding following the Great Recession, a lack of homes for-sale on the market, a growth in large institutional investors buying up properties with cash, restrictive zoning laws and permitting requirements, and other barriers to building and development (Manzo & Bruno, 2025; Carbonaro, 2024; Patel, Rajan, & Tomeh, 2024; Stoney, 2024; Freemark, 2024; Hermann, 2023; Weinstock, 2023; Mondragon & Wieland, 2022). This shortfall has increased competition in the housing market—causing both home prices and rents to rise—while limiting labor market mobility and contributing to a surge in homelessness (Klurfield, 2024; Veiga, 2025).

Champaign County has not been immune to these supply, demand, and regulatory dynamics. In 2024, the City of Champaign issued permits for just 23 new single-family homes and 347 multi-family units, which were concentrated near the University of Illinois at Urbana-Champaign campus (City of Champaign, 2025). The median sales price of a home in Champaign County increased by 14 percent from October 2024 to October 2025, following a 1 percent increase over the preceding 12 months and a 25 percent increase two years earlier (Gauze & Cheney, 2025; Ahlden & Cheney, 2024; Waller & Cheney, 2023). Data also shows that the share of renter-occupied households spending 30 percent of more of their incomes on housing—which is considered "housing cost burdened" by the U.S. Department of Housing and Urban Development (HUD) rose from 44 percent in 2019 to 50 percent in 2023 (Lewis, 2024).

This report, conducted jointly by the Project for Middle Class Renewal (PMCR) at the University of Illinois at Urbana-Champaign and the Illinois Economic Policy Institute (ILEPI), explores the housing shortage in Champaign County, Illinois. The report first assesses the shifting dynamics of the local housing market before estimating how many homes the county needs to meet current and future demand. A local case study is discussed before potential policy options are considered. A concluding section recaps key findings.

Housing Market Changes in Champaign County Since 2019

Housing has become less affordable since the COVID-19 pandemic (Figure 1). From July 2019 to July 2025, average home values in Champaign County increased from $163,000 to nearly $224,000, as measured by the Zillow Home Value Index—which estimates the mean value for homes in the 35th to 65th percentile of the price distribution (Zillow, 2025). This $61,000 appreciation in home values represented a 37 percent growth over six years, greatly exceeding the 26 percent rise in overall county inflation over the same time period (BLS, 2025a). Illinois' home values experienced an average $81,000 increase (42 percent) to $276,000, while home prices nationally rose by $119,000 (49 percent) to $360,000.

Rents grew faster in the Champaign-Urbana metropolitan area than the national average (Figure 1). According to the Zillow Observed Rent Index—which measures the mean of listed rents that fall into the 35th to 65th percentile range for all homes and apartments across a given region—the average rent for the Champaign area in July 2025 exceeded $1,300 per month (Zillow, 2025). Rental rates grew by about $400

per month over the six-year period, an increase of 41 percent. By contrast, average rents grew by 35 percent to $2,100 per month in the Chicago-Naperville-Elgin metropolitan area and by 37 percent to just under $2,000 per month nationwide. Despite these spikes in home values and rents, the Champaign area remains much more affordable relative to the other states (Figure 1).

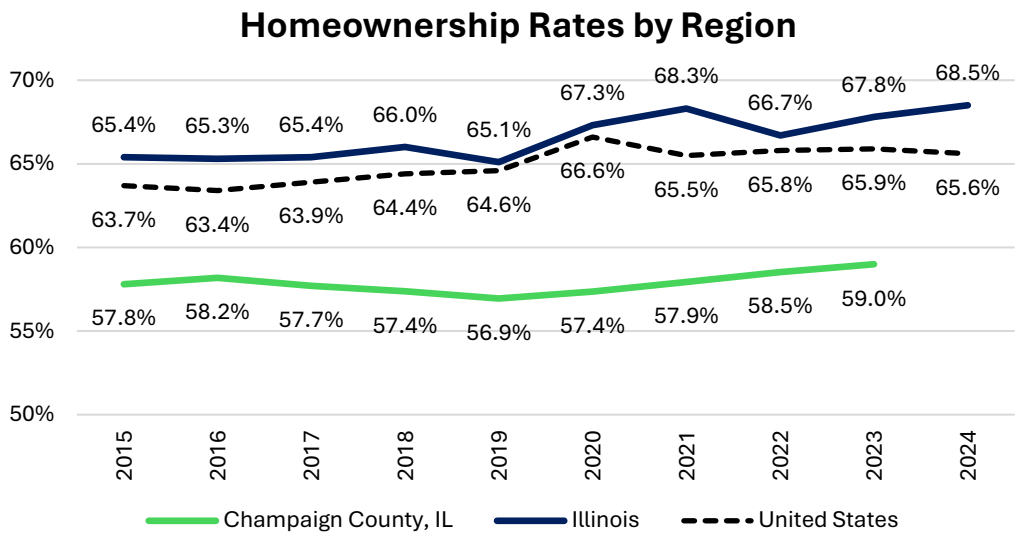
FIGURE 1: SIX-YEAR CHANGE IN AVERAGE HOME VALUE AND AVERAGE RENT BY REGION, JULY 2019 TO JULY 2025

Housing Metric and Region	July 2025	July 2019	5-Year Change	5-Year Growth
Average Home Value				
Champaign County, IL	$223,976	$163,361	+$60,614	+37.1%
Cook County, IL	$319,377	$241,269	+$78,108	+32.4%
Illinois	$276,140	$194,724	+$81,415	+41.8%
United States	$360,280	$241,451	+$118,829	+49.2%
Average Monthly Rent				
Champaign Metro Area	$1,343	$954	+$390	+40.9%
Chicago Metro Area	$2,110	$1,566	+$544	+34.8%
United States	$1,979	$1,440	+$539	+37.4%

Source(s): Authors' analysis of Zillow Home Value Index and Zillow Observed Rent Index data (Zillow, 2025). Home values are by county, state, and country while rents are by metropolitan statistical area (MSA) and country. "Champaign Metro Area" is the Champaign-Urbana MSA and "Chicago Metro Area" is the Chicago-Naperville-Elgin MSA.

While Illinois residents are more likely to be homeowners than their peers in other states, Champaign County has a lower homeownership rate than the state or nation (Figure 2). As of 2023, 68 percent of Illinois residents were homeowners, which was 2 percentage points higher than the national average of 66 percent. However, Champaign County only had a homeownership rate of 59 percent, primarily due to high rental demand from students at the University of Illinois at Urbana-Champaign. Champaign County's homeownership rate increased between 2019 and 2023, expanding from 57 percent to 59 percent (Figure 2). These estimates suggest that Champaign County residents are disproportionately affected by rising rents—which have grown faster than the national average since 2019—but also that there is strengthening demand for owner-occupied units in the local housing market.

FIGURE 2: HOMEOWNERSHIP RATES BY REGION, 2015–2024 ANNUAL AVERAGES



Source(s): Authors' analysis of homeownership rates in Champaign County, Illinois, and the United States using Federal Reserve Economic Data from the Federal Reserve Bank of St. Louis (FRED, 2025a). The homeownership rate is the owner-occupied share of households.

Economic growth is a key contributor to household formation and housing market demand (Garcia & Paciorek, 2022; NAR, 2024). In the Champaign-Urbana metropolitan area, total nonfarm employment averaged 119,000 workers in 2023, surpassing pre-pandemic levels and growing 6 percent since 2015 (Figure 3). Consequently, more households formed, with Champaign County boasting a record 84,000 households—up 5 percent compared to 2015 levels (80,000 households). Gross domestic product (GDP) and per capita personal income in Champaign County respectively rose by 32 percent and 35 percent between 2015 and 2023, both exceeding the rate of inflation (Figure 3). This strong economic performance has fueled demand in the housing market, enabling many Americans to form their own households instead of living with roommates, parents, or relatives (Carbonaro, 2024; JCHS, 2024a).

FIGURE 3: GROWTH IN EMPLOYMENT, ECONOMIC ACTIVITY, AND HOUSEHOLDS IN CHAMPAIGN AREA, 2015–2023

Year	Champaign MSA	Champaign County			National
	Total Nonfarm Employment	Total Households	GDP ($Billions)	Per Capita Income	Inflation (CPI-U)
2023	118,875	83,777	$14.822	$58,838	$1,281
2022	117,942	82,467	$13.768	$55,685	$1,241
2021	113,458	81,835	$12.645	$54,146	$1,144
2020	110,567	83,059	$11.739	$50,221	$1,086
2019	114,492	82,369	$11.607	$46,283	$1,075
2018	113,000	82,499	$11.217	$44,464	$1,056
2017	112,208	81,418	$11.117	$43,436	$1,026
2016	111,408	80,442	$11.019	$42,932	$1,008
2015	111,767	79,912	$11.218	$43,622	$1,000
Growth: 2015-2023	**+6.4%**	**+4.8%**	**+32.1%**	**+34.9%**	**+28.1%**
Growth: 2018-2023	**+5.2%**	**+1.5%**	**+32.1%**	**+32.3%**	**+21.3%**

Source(s): Authors' analysis of total nonfarm employment data for the Champaign-Urbana metropolitan statistical area (MSA) and Consumer Price Index for All Urban Consumers (CPI-U) inflation data for each July from the Bureau of Labor Statistics at the U.S. Department of Labor, "Selected Housing Characteristics" for Champaign County from the *American Community Survey* (5-Year Estimates) by the U.S. Census Bureau, and "Regional Data: GDP and Personal Income" for Champaign County from the Bureau of Economic Analysis at the U.S. Department of Commerce (BLS, 2025a; BLS, 2025b; Census, 2025; BEA, 2025a; BEA, 2025b). All numbers are annual averages.

FIGURE 4: ACTIVE FOR-SALE LISTINGS AND NEW HOME BUILDING PERMITS IN CHAMPAIGN COUNTY, 2017–2024

Annual Averages	Housing Inventory: Active For-Sale Listings		New Private Housing Structures Authorized by Building Permits	
Year	Champaign County	Compared to 2019	Champaign County	Compared to 2019
2024	**220**	**-72.5%**	**565**	**-50.6%**
2023	199	-75.2%	583	-49.0%
2022	232	-71.0%	890	-22.1%
2021	256	-68.0%	594	-48.0%
2020	515	-35.7%	1,509	+32.0%
2019	801	±0.0%	1,143	±0.0%
2018	840	+4.9%	1,460	+27.7%
2017	917	+0.8%	776	-32.1%

Source(s): Authors' analysis of housing inventory and building permits in Champaign County using Federal Reserve Economic Data from the Federal Reserve Bank of St. Louis (FRED, 2025b; FRED, 2025c). Housing inventory is the annual average active listing count for single-family, condo, and townhome listings for a given market during specified months and excludes pending sales, while building permits data represents the total number of building permits for all structure types.

The local housing shortage is also due to an undersupply of available housing units (Figure 4). According to Realtor.com data compiled by the Federal Reserve Bank of St. Louis, active single-family, townhome,

and condo listings for sale have ranged between about 200 and 250 units per month since 2021, with an average of just 220 active for-sale listings in 2024. This is 73 percent below the 800 average monthly listings from 2019. Similarly, homebuilders and developers are not constructing a sufficient supply of units, with building permits data revealing that the number of new private housing structures authorized for construction in Champaign County has ranged between 550 and 900 units since 2021. The 565 new homes constructed in 2024 was 51 percent below the pre-pandemic level of more than 1,100 units recorded in 2019. Moreover, new housing was concentrated in the City of Champaign in 2024, where 347 multi-family apartments and condos were built near Campustown and Downtown compared with only 23 new single-family homes (City of Champaign, 2025).

Estimating the Housing Shortage in Champaign County

Researchers employ varying methods to calculate the housing shortage (Villa, Rosin, & Chen, 2024; Lacter, 2024). One way to measure the housing shortage is to compare the number of available units to the total number of households and determine the current vacancy rate. By evaluating the current vacancy rate against a "natural vacancy rate" based on historical averages, researchers can determine how many housing units should be available to accommodate existing households.[1] Another approach accounts for "pent-up" demand from individuals who would otherwise choose to form their own households under more favorable market conditions (Patel, Rajan, & Tomeh, 2024). For example, many individuals living with roommates, parents, or other relatives might prefer living on their own but are unable to do so due to high housing costs.

This analysis blends these two methods (Manzo & Bruno, 2025). First, the "vacancy-rate" approach is utilized to calculate Champaign County's housing deficit or surplus in 2023 relative to the five-year average vacancy rate in the 2015 through 2019 pre-pandemic years. Then, a "pent-up demand" approach adds in "missing households" that would otherwise be formed under improved circumstances. The number of people living with nonrelatives is divided by an adjusted average household size for Champaign County to arrive at an estimate on "missing households." The vacancy-only housing deficit and the pent-up demand among missing households are subsequently added together to arrive at an annual housing shortage.[2]

The data reveals that Champaign County has a total housing shortage of 3,000 units (Figure 5). Based on the most recently available data, Champaign County has a marginal housing surplus of about 900 homes using the "vacancy-rate" approach. That's because the number of housing units has increased over time to just over 94,000 homes, with 89 percent occupied and 11 percent vacant. By contrast, from 2015 through 2019, the countywide vacancy rate averaged about 10 percent. A higher vacancy rate than the historical average suggests that the county has generally built sufficient units. However, this does not account for decades of underbuilding following the Great Recession that produced pent-up demand

[1] Economists assert that there is a "natural rate" of housing vacancies. If the number of housing units perfectly matched the number of households requiring shelter, then the vacancy rate would be 0 percent (or, conversely, the occupancy rate would be 100 percent). This would force renters to stay in their units because there would be no other units available where they could move. It would also prevent homeowners from upgrading to new homes because there would be no resale or new construction properties listed in the marketplace. Accordingly, "healthy" housing markets require certain levels of vacancies to efficiently align the preferences of buyers and sellers and to match tenants with landlords (Patel, Rajan, & Tomeh, 2024; Hartwell, 2024). Moody's utilizes the "vacancy-rate" approach while Zillow uses the "pent-up demand" approach (Villa, Rosin, & Chen, 2024; Lacter, 2024).

[2] For more on this methodology, see *You Can't Buy What You Can't Afford: Illinois' Housing Shortage and Ways to Fix It* (Manzo & Bruno, 2025).

from individuals who otherwise would have formed households if homes were more widely available and more affordable. As a result, as of 2023, there were 3,900 "missing households" from these individuals. While the average was 6,500 missing households over the five-year period from 2015 through 2019, it dropped initially due to low mortgage rates in 2020 and 2021 and subsequently due to the strong post-pandemic economic expansion. Ultimately, Champaign County has faced a shortage of at least 3,000 homes every year since 2015 (Figure 5).

FIGURE 5: HOUSING DEFICIT, PENT-UP DEMAND, TOTAL HOUSING SHORTAGE IN CHAMPAIGN COUNTY BY YEAR

Year	Total Households	Housing Units	Vacant Units	Housing Deficit (-) or Surplus (+)	"Missing Households"	Total Housing Shortage (-)
2023	83,777	94,351	11.2%	+863	3,881	-3,018
2022	82,467	93,444	11.7%	+1,418	4,357	-2,939
2021	81,835	92,663	11.7%	+1,342	4,320	-2,978
2020	83,059	93,679	11.3%	+992	5,069	-4,077
2019	82,369	92,699	11.1%	+782	5,514	-4,732
2018	82,499	91,667	10.0%	-395	6,861	-7,256
2017	81,418	90,783	10.3%	-73	6,813	-6,886
2016	80,442	89,646	10.3%	-120	6,705	-6,826
2015	79,912	88,981	10.2%	-194	6,757	-6,951
2015-2019 Average	*81,328*	*90,755*	*10.4%*	*±0*	*6,530*	*-6,530*

Source(s): Authors' analysis of "Selected Housing Characteristics" and "Living Arrangements of Adults 18 Years and Over by Age" for Champaign County from the *American Community Survey* (5-Year Estimates) by the U.S. Census Bureau (Census, 2025). *Note: "Other nonrelatives," which are used to estimate "missing households," include anyone who is not a spouse or unmarried partner and who is not related to the individual.

Healthy housing markets address both the present housing shortage and future household growth. To address pent-up demand, Champaign County would need to return to pre-pandemic levels of homebuilding (Figure 6). Over the next five years, the County needs to address the current shortage of 3,000 homes and to provide shelter for an additional 1,400 newly formed households. In total, Champaign County needs to construct 4,400 more housing units over the next five years—or about 900 new homes per year over the next five years. This is 300 more new homes built annually than were authorized via building permits in 2021, 2023, and 2024 (see Figure 4).

FIGURE 6: THE FIVE-YEAR BUILDING SHORTAGE IN CHAMPAIGN COUNTY

Building Shortage Over Next 5 Years	Households and Pent-Up Demand Approach
5-Year Household Formation Rate*	+1.5%
Current Housing Shortage	3,018
+ New Households in Five Years	+1,358
= Homes Needed within Five Years	4,376
Average Homes Needed Per Year	**875**

Source(s): Authors' analysis of "Selected Housing Characteristics" and "Living Arrangements of Adults 18 Years and Over by Age" for Champaign County from the *American Community Survey* (5-Year Estimates) by the U.S. Census Bureau (Census, 2025). *Note: This is based on the 5-year household formation rate from 2018 through 2023 (1.5 percent). Household formations could be higher or lower based on a number of factors, including employment and student enrollment at the University of Illinois at Urbana-Champaign—which has increased over time—and immigration levels—which are expected to decrease in upcoming years (IBHE, 2025; McCue, 2025).

Local Case Study: Habitat for Humanity Expands Affordable Housing Access

Housing is a fundamental staple to living a dignified life and a core component of the American Dream. Safe, affordable, and respectable housing is associated with numerous individual and community benefits. Americans have consistently understood that it is nearly impossible to build a stable personal, family, or community life without housing.[3] A May 2025 survey of 2,208 U.S. adults commissioned by the National Alliance to End Homelessness and conducted by Morning Consult found that 69 percent of respondents reported concern about their ability to maintain stable housing, 75 percent cited the lack of affordable housing as a contributor to homelessness, and 82 percent said that political leaders should prioritize ensuring "there are affordable housing options in their community" (NAEH, 2025).

Habitat for Humanity of Champaign County (HFHCC), a nonprofit organization founded in 1991, offers a local case study for addressing America's housing shortage by delivering affordable housing to residents of the community (HFHCC, 2026). HFHCC builds and sells affordable houses at 0 percent interest to families whose incomes are insufficient to handle traditional bank mortgage payments but can repay no-interest loans. HFHCC also provides free home maintenance, budgeting, and financial education classes to the community and, through "ReStore," a re-sale shop it operates, collects donations and sells appliances and other household items at affordable prices.[4] It utilizes community members and volunteers to provide approximately 1,000 hours of donated labor per home purchased. Since its inception, HFHCC has assisted in the placement of 144 new homeowners in affordable houses that it has built, including 66 in Champaign, 61 in Urbana, and 8 in Rantoul.[5] Dwelling are 1,350 to 1,450 square feet with three or four bedrooms, two full bathrooms, and attached garages.

In October and November of 2025, Habitat for Humanity of Champaign County participated in a University of Illinois at Urbana-Champaign survey of families that had become homeowners with the organization's assistance.[6] HFHCC's survey of homeowners was part of a program evaluation of economic outcomes and residents' sense of well-being. Basic demographic data on age, race, gender, and socioeconomic standing and information on the duration of time in Habitat housing was also collected.

Out of 100 families contacted, 26 completed the survey. The respondents—all female—ranged in age from 25 to 70 years old, and 88 percent were Black. Roughly two-thirds were working full-time and 85 percent had household incomes under $50,000 per year. Over half of the respondents had been living in their Habitat home for at least 5 years.

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[3] In 1937, during his Second Inaugural Address, President Franklin Delano Roosevelt proclaimed that "I see one-third of a nation ill-housed, ill-clad, ill-nourished" (Yale Law School, 2008). He focused on inadequate housing because multiple harmful conditions emanate from being without decent shelter.

[4] "ReStore is a non-profit home improvement store and donation center that sells new and gently used furniture, appliances, cabinets, home accessories, building materials, and more at deeply discounted prices" (HFHCC, 2026)

[5] While HFHCC largely builds and sells new homes, they have rehabbed homes that have been sold through traditional banks as part of a special grant from the Illinois Attorney General. In 2012, as part of a $25 million national legal settlement with the nation's largest banks who were sued for fraudulent lending practices, HFHCC was awarded $2.2 million, which was used to rehab 20 homes from 2013 through 2017. These homes were sold to low-income buyers through traditional bank mortgages.

[6] The survey was developed and analyzed by students in Assistant Professor Christopher Flemings' "Social Work Research Methods" class at the University of Illinois at Urbana-Champaign. HFHCC distributed the questionnaire to its list of families who had become homeowners with the agency's assistance through mailed letters, texts, and emails.

On every measure, the homeowners surveyed expressed a greater sense of safety after moving into affordable housing. Participants reported improved abilities to pay off debts, manage bills, and save for the future while feeling more confident about their finances—affirming the strong relationship between housing stability and financial well-being. Participants experienced better sleep quality and cleaner living environments free of mold, pests, and air pollution. Importantly, most of the respondent homeowners had school-aged children, and those families noted that better living conditions contributed positively to their children's educational outcomes. They reported that their children's grades, study habits, and school attendance had all improved. Overall, families felt safe in their homes and strong connections to their neighborhoods.

This Habitat for Humanity of Champaign County program evaluation provides a local focus on how accessing affordable housing can improve the lives of individual adults and families with children. HFHCC can be a vibrant source of affordable housing because, unlike private developers, it is not driven by the need to earn a profit on each home built. HFHCC sells its homes at appraised values determined largely by comparable home sales in the neighborhood. Over the last few years, homes have sold on average for $150,000, or about 33 percent lower than the average home price in Champaign County (see Figure 1). Each home has a third-party "sponsorship" providing between $60,000 and $75,000 in construction seed money, with HFHCC needing to raise the remaining funds. Sponsorships have come from diverse entities including a students' chapter of Habitat at the University of Illinois, numerous churches, community organizations, real estate firms and home developers, and local radio stations. HFHCC resources come primarily from donors, with 100 percent of cash donations going directly to the group's building fund, as well as from federal and state grants and purchases made at "ReStore." HHFCC also keeps its costs down by utilizing volunteer construction labor—although HFHCC does pay contractors for licensed work, such as HVAC, plumbing, electrical, and concrete work—and by relying on donated properties, often by the cities within their jurisdiction.

Habitat for Humanity of Champaign County is a unique, full-service provider of affordable housing. The nonprofit functions as the builder, lender (i.e., "the bank"), and financial counselor to homeowners. For families who buy homes from HFHCC, interest-free payments never exceed 30 percent of their annual incomes. Downpayment assistance programs are available to allow homeowners to contribute more funds to their purchases and lower their monthly payments. HFHCC's model has proven very effective, with 37 homeowners fully paying off their mortgages and owning their homes outright versus only one default occurring (HFHCC, 2026).

Potential Policy Options

One approach to providing more affordable housing in Champaign County is to build more homes. There are strategies that the State of Illinois and local jurisdictions, including Champaign County, the City of Champaign, the City of Urbana and others, can take to boost inventory.

1. Constructing more affordable housing units would alleviate the housing shortage for low-income families.

Habitat for Humanity of Champaign County track record across 144 low-income homeowners is empirical evidence in support of developing policy incentives to build more affordable housing. While federal programs like the Low-Income Housing Tax Credit (LIHTC) have historically spurred the development of affordable rental housing, the demand for affordable units continues to outpace supply (JCHS, 2024b). At the state-level, increasing grants for local Habitats for Humanity and other nonprofit

organizations can increase the number of affordable housing units across Illinois. Illinois could consider creating a State Apartment Incentive Loan (SAIL) program that offers low-interest loans to affordable housing developers to offset development costs, stimulating further housing supply (Rifkin, 2024; FHFC, 2025). Illinois could also provide state income tax credits for the owners of affordable housing units, as in 2025 House Bill 1147 (ILGA, 2025d). At the local level, home-rule cities like Champaign and Urbana could require developers of projects with 5 or more units to set aside 20 percent for affordable housing, or else pay a fee in lieu of constructing affordable units to a local affordable housing fund dedicated to providing gap financing for affordable projects. Similar ordinances have been successfully implemented across Illinois to increase low-income housing options (MPC, 2025).

2. Providing income tax credits to lower-income renters would improve housing affordability for many working families.

House Bill 3788, introduced in 2025, would create a $500 income tax credit for single taxpayers who have an adjusted gross income of about $41,000 or less and a $1,000 credit for married couples earning about $83,000 or less (ILGA, 2025e). This would deliver relief for lower-income households and could incentivize developers to build more affordable units to accommodate these renters.

3. Easing zoning restrictions would expand housing construction and enable greater density.

At least six U.S. states—California, Maine, Montana, Oregon, Vermont, and Washington—have passed legislation legalizing multifamily zoning statewide (Meyersohn, 2023; Duffort, 2023). Oregon, the first state to prohibit single-family zoning in 2019, requires municipalities with more than 10,000 residents to allow duplexes on land zoned for single-family homes and those with more than 25,000 residents to allow duplexes, triplexes, and fourplexes in single-family zones (Minott & Selby, 2023). In 2023, Montana enacted a comprehensive land-use planning act requiring municipalities with at least 5,000 residents located within counties of 70,000 people or more to select from a menu of housing initiatives to increase housing supply, including permitting more density and legalizing tiny homes and accessory dwelling units (ADUs) such as basement apartments and backyard houses, and opening up commercial zones to housing development (Montana Legislature, 2023).

Illinois could consider passing legislation to legalize multifamily housing units on land zoned for residential use in municipalities with 10,000 or more people, as in 2025 House Bill 1814 (ILGA, 2025a). This would improve housing density and permit the construction of more "missing middle" units, including duplexes, fourplexes, and sixplexes. Illinois could also consider eliminating requirements on the number of parking spaces per unit in areas with access to public transit, as in 2025 House Bill 3256, and legalizing ADUs statewide, as in 2025 House Bill 3552 (ILGA, 2025b; ILGA, 2025c). In 2025, the City of Chicago, which is a "home rule" jurisdiction, legalized ADUs in all multifamily zoning districts except for the Downtown area (Vance, 2025). Champaign, Urbana, Savoy, and Rantoul are home-rule cities that could enact similar reforms to allow more multifamily zoning (IML, 2024).

4. Fast-tracking permitting processes would reduce costly delays in new home construction.

In surveys of developers, 83 percent reported construction delays due to permitting issues (Rifkin, 2024). A simple policy that the State of Illinois, City of Champaign, or City of Urbana could adopt would be a time limit on how long governments have to approve or deny building permits (NAHB, 2025). As examples, Texas requires jurisdictions to act within 15 days of receiving applications and California requires administrative approval for small subdivisions in multifamily-zoned areas within 60 days (CLI, 2023).

5. Establishing tax incentives for commercial building conversions would expand housing supply.

Residential conversions that create mixed-used districts comprised of office buildings, multifamily housing, and walkable retail, restaurant, and entertainment establishments offer a solution to both the housing shortage and post-pandemic vacancies plaguing commercial properties (Morgan Stanley, 2024). In San Francisco, voters approved an ordinance exempting office conversions from the City's transfer tax. The District of Columbia provides 20-year property tax abatements for downtown residential conversions (Morgan Stanley, 2024). Local governments across Champaign County could consider similar tax incentives—or using Tax Increment Financing (TIF) districts—to spur conversions.

These potential changes are backed by bipartisan majorities of Americans. A Politico poll of 2,098 U.S. adults in November 2025 noted that fears about housing costs "eclipsed those for health care, utilities, commuting expenses, and child care" (Doherty, 2025). Polls of likely voters and adults have found that 76 percent said housing affordability was getting worse in their communities, 74 percent said the government should incentivize builders and developers to create more affordable housing units, 86 percent supported policies that require faster permitting, 81 percent supporting residential conversions of commercial buildings, 62 percent supported eliminating parking minimums, and 58 percent supported allowing "missing middle" townhomes and multifamily units on all residential lots (Radosevich & Turner, 2024; NAHB, 2024; Horowitz & Kansal, 2024).

Conclusion

Champaign County faces a housing shortage of 3,000 homes and needs to build 4,400 more housing units in total over the next five years to meet current needs and address future growth. This housing shortage has been driven by several factors, including robust economic growth, record household formations, and a lack of inventory caused by for-sale listings and new building permits that are well below pre-pandemic levels. As a result, housing affordability has worsened. Champaign County's home values increased by 37 percent between 2019 and 2025 and average rents rose by 41 percent to more than $1,300 per month. While rising home values are beneficial to current homeowners, who experience equity gains and net worth improvements, they afflict renters, first-time homebuyers, and future residents who are either priced out of homeownership or must pay considerably more for the same properties as households who were previously in their position.

To boost inventory and new home construction, elected officials and policymakers at both the State and local levels could increase grant funding for nonprofit organizations that build affordable housing units and create a low-interest loan program for developers of affordable housing units, provide income tax credits for lower-income households, work to ease zoning restrictions, fast-track permitting processes, and establish tax incentives for residential conversions. The data reveals that these policy solutions can resolve the housing shortage and improve housing affordability for both current and future households.

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