

# Zoning and Land Use Assessment and Recommendations

Data Brief

## AFFORDABLE HOUSING

Metropolitan **Planning Council**  
Building **Equity** in the Built Environment



Affordable housing is one of the seven outcomes prioritized for MPC's Zoning and Land Use Assessment. The outcome is defined as "*diverse and affordable housing options (subsidized, affordable, workforce/middle market, luxury) are available in every neighborhood including for the job insecure and unhoused populations.*" To analyze affordability, the research team used Census data on metrics like rental prices, home values, demographics, and data on subsidized housing units. To review zoning, maps were compiled and compared for three distinct points in time: 2003, 2013, and 2023, and permitting data was analyzed from the City of Chicago.

- **Housing affordability** is typically defined as a household being able to rent or own a home for less than 30 percent of its monthly income. Households that pay more than 30 percent of income for housing are "cost burdened;" those that pay more than 50 percent are "severely cost burdened." Affordable housing can be 1) a home that is affordable to a household with a low or moderate income; 2) a home with stabilized rents or mortgage payments; 3) a government-subsidized home.
- **Subsidized housing** is housing available to low- and moderate-income households at below-market rates through subsidies.
- **Median income** is the "typical" income of a given geography, at which half of households have higher incomes, and half have lower incomes. Chicago's median household income citywide is \$71,673.
- **Residential density** is the number of housing units permitted in a specific area of land. Zoning designates density via Floor Area Ratio (FAR). FAR relates the amount of a building's floor area to the size of the piece of land upon which it is built. For example, a FAR of 2.0 on a 5,000 sq ft lot equals a total floor area of 10,000 sq ft. This permits a 2-story building with 5,000 sq ft on each floor or a 4-story building with 2,500 sq ft, or any combination of stories and floor area that does not exceed 10,000 sq ft.

## What the research shows

### *Understand the outcome:* How affordable is the city of Chicago?

- **Rental affordability for BIPOC families has worsened over time, with families able to afford to rent in fewer and fewer neighborhoods and struggling to afford even the neighborhoods where they live.** The typical household cannot afford to rent in much of the North and Northwest sides, with Black Chicagoans particularly cost burdened. Overall rental affordability has declined since 2000 most significantly for the median Black family and the median Latino family.
- **The ability to buy a home has worsened over time, particularly for BIPOC families.** The median white family has gained purchasing power, while it has decreased for Latino, Black, and Asian families since 2000. Overall, there remains greater affordability on the South and Southwest sides of the city. The North and Northwest sides are generally unaffordable for a typical Chicago household.
- **Subsidized units are rare in most higher-income and majority-white neighborhoods.** Federally subsidized project-based housing is concentrated in neighborhoods of color on the South and West sides with few units being added to areas with a high white population. New construction does not crowd out subsidized units. In areas experiencing greater housing construction, voucher use does not decline and there is no evidence that the project-based units decline.

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## *Understand the zoning: Where are residential uses enabled by zoning?*

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- **Chicago is primarily zoned for residential land uses with the majority only allowing for single-family or two-family housing by-right. A small share is provided for multi-family.** 41% of Chicago is zoned single family and two-family, with 11% zoned for denser development. Housing is also permitted in other specific districts outside of residential districts, such as business, commercial, and downtown districts, and areas designated as Planned Developments.
- **Current zoning provides limited space for new construction. Neighborhoods with even less capacity are whiter with higher housing prices.** Zoning allows additional housing to be built in much of the South and West sides, and along commercial corridors. But along the North Lakefront and in most of the North and Northwest sides, little space is available.

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## *Understand the relationship: How is housing affordability and zoning linked?*

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- **Reducing density via downzoning limited the amount of housing that could be built in areas with higher housing values and whiter populations.** Areas with higher home values, household incomes, and whiter population shares were more likely to get downzoned. These areas generally became more expensive for homebuyers after the downzoning, with less housing construction and whiter populations over time.
- **Zoning changes since 2003 have added some room for housing near downtown, but reduced it in much of the rest of the city.** The amount of space for new housing has declined since 2003, when there was by-right allowance for 1.53 million units. In 2013, that figure declined to 1.40 million before increasing to 1.43 million in 2023. Almost 90% of zoning capacity is used. An estimated one-third of single-family zoned parcels could not be built today due to the minimum lot area requirements that are higher than lot size.
- **Zoning restricts construction of multi-family housing by-right. Planned Developments account for most of new multi-family units.** A total of 3.2 square miles was converted from residential zoning to Planned Development and Planned Manufacturing Districts from 2003 to 2023. Of the 121,601 housing units permitted from 2006 to 2024, 58% were in Planned Development areas, with more than two-thirds of apartment buildings with 4+ units constructed in Planned Development zones. 60% of units were concentrated in five community areas—Near North Side, Near West Side, Loop, West Town, and Near South Side.

## **Questions you may have**

- **What is by-right zoning and zoning capacity:** By-right zoning allows for development that complies with all designated regulations and standards and qualifies for construction without any changes. Zoning capacity is a hypothetical measure of how much housing can be built, based on by-right zoning. This helps show where there is already allowable space to build more housing. It assumes that housing will be built in every zoning district it is allowed, including residential, business, commercial, and downtown districts. It does not account for Planned Developments.
- **What is a Planned Development:** A designation for certain developments that meet thresholds that qualify them as major proposals. Allows for flexibility in land use, bulk, and development standards through negotiation between the City and developer. Uses are typically those based on the underlying zoning district.
- **What is downzoning and how was the analysis completed:** Downzoning refers to a change in zoning designation to reduce the density or number of housing a building can provide on a given parcel of land. It decreases the amount of new housing that can be built. The downzoning analysis used data sets on parcels that were downzoned or marked for historic preservation compiled by George Kisiel of Okrent Kisiel Associates, Inc. A series of fixed-effect regression models were used to account for local neighborhood characteristics. The analysis was limited to a sample of tracts that did not have a difference in pre-trends.