



**IMI**

ILLINOIS MUNICIPAL LEAGUE

**REAL**

Reducing Expenses and Advancing Local

**HOUSING ACT**

**APRIL 30, 2026**

**#REALhousing**

Illinois Municipal League | 500 East Capitol Avenue | P.O. Box 5180 | Springfield, IL 62705 | [iml.org](http://iml.org)



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April 30, 2026

Members of the Illinois General Assembly:

In his State of the State Address on February 18, 2026, Governor JB Pritzker announced the Building Up Illinois Developments (BUILD) plan. As the statewide association representing all 1,294 cities, villages and towns across Illinois, the Illinois Municipal League (IML) is opposed to these bills, due to their individual and combined mandates and preemption of municipal authority. On March 3, IML delivered a letter to Governor Pritzker and legislative leaders respectfully requesting to be included in all future conversations, legislative working group meetings and/or other discussions that pertain to BUILD and its impact on local authority and implementation.

Local governments have the responsibility to provide well-planned, safe and affordable communities for residents while balancing short-term needs with long-term planning. A one-size-fits-all approach to housing policy simply does not work in a state as vast and diverse as Illinois. To that end, IML has thoughtfully designed a comprehensive and collaborative proposal to meaningfully address housing affordability, while preserving municipal authority to reflect the unique characteristics of communities across our state: The Reducing Expenses and Advancing Local (REAL) Housing Act. The proposal and supporting materials follow this letter.

The REAL Housing Act delivers real property tax relief, encourages real community input and provides real tools for local officials to implement housing solutions that will have real impacts on affordability. The REAL Housing Act is the kind of practical, results-driven approach that comes from working with municipalities, not against them.

As outlined in this proposal, municipalities support affordable housing and are already implementing innovative, effective solutions in partnership with their residents. This proposal builds on that work – rather than preempting it – while delivering tangible financial relief for Illinois families.

IML is committed to working with leaders and members of the General Assembly and the Governor's Office to discuss housing relief throughout Illinois. Any real solution must include municipal perspectives, as local officials will ultimately be responsible for implementing whatever is enacted.

Please feel welcome to contact me if IML may be of assistance with this or any other matter; we look forward to working together on these issues. I may be reached by phone (217-525-1220) or by email ([bcole@iml.org](mailto:bcole@iml.org)). Thanks.

Yours very truly,



BRAD COLE  
Chief Executive Officer





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## Executive Summary

### Reducing Expenses and Advancing Local (REAL) Housing Act

The Reducing Expenses and Advancing Local (REAL) Housing Act is a direct response to one of the biggest financial pressures facing Illinois families today – the rising cost of housing, driven in large part by high property taxes and industry-driven profits. This proposal is built to deliver real relief by reducing what people pay to live in their homes and putting money back in their pockets.

The REAL Housing Act:

- Preserves local authority to ensure housing growth aligns with infrastructure capacity, public safety and professional planning;
- Supports middle housing development to expand affordable housing options without one-size-fits-all mandates;
- Establishes local authority for the creation of overlay districts where middle housing is allowed by-right;
- Promotes adaptive reuse of existing structures and redevelopment of blighted areas to increase supply and reduce costs;
- Lowers the cost of purchasing a home by capping excessive real estate commission structures;
- Reduces construction costs by exempting residential building materials from the state portion of sales tax;
- Protects renters by limiting excessive and duplicative fees and reducing upfront housing costs;
- Protects residents of condominium and homeowners' associations from unreasonable cost burdens;
- Prohibits discrimination from artificial intelligence in housing-related decisions;
- Studies property insurance availability and costs as a potential barrier to housing access;
- Requires prevailing wage for workers on projects benefiting from this Act while supporting workforce development for skilled construction jobs;
- Allows workforce training initiatives for construction trades;
- Streamlines permitting and inspection timelines to reduce delays and lower development costs;
- Improves local flexibility in the use and timing of impact fees to support housing affordability;
- Prioritizes state infrastructure funding for communities actively increasing housing supply;
- Ensures development is supported by adequate infrastructure capacity, protecting public safety and service delivery;
- Reaffirms the importance of Tax Increment Financing (TIF) as a local tool to support housing development;
- Assists local governments with comprehensive planning and zoning updates to meet community-specific needs;
- Prioritizes residential housing development as a higher land use than solar energy farms;
- Allows locally-determined housing stability policies to address affordability challenges;
- Preserves local authority to determine parking regulations;
- Provides flexibility in building code standards while maintaining safety requirements;
- Delivers property tax relief by tying increased Local Government Distributive Fund (LGDF) revenues directly to dollar-for-dollar reductions in property taxes; and,
- Alleviates local property tax pressures by reimbursing local governments for state mandated veterans property tax exemptions.

[iml.org/REALhousing](http://iml.org/REALhousing)

## IML Housing Affordability Proposal: REAL Housing Act

The Reducing Expenses and Advancing Local (REAL) Housing Act is a direct response to one of the biggest financial pressures facing Illinois families today: the rising cost of housing, driven in large part by high property taxes and industry-driven profits. This proposal is meant to deliver real relief by reducing what people pay to live in their homes and putting money back in their pockets.

At the center of the Act is a clear commitment to taxpayers: when the state increases funding for the Local Government Distributive Fund (LGDF), those dollars must result in property tax relief. By tying future LGDF increases to direct reductions in property tax levies, this proposal ensures that additional state revenue is not absorbed into higher spending, but instead returned to the people it came from. It creates a transparent, accountable system where taxpayers benefit.

The REAL Housing Act goes further by tackling the full cost of housing and the expenses that show up in rent and mortgage payments. By addressing the policies that drive up housing costs, the Act is designed to reduce overall housing expenses by at least 10%. For Illinois families, that means real, tangible savings.

This is not a one-size-fits-all mandate and it does not shift costs onto local communities. It is a practical approach that respects local decision making while demanding that state policy finally deliver affordability for the people paying the bills: residents and taxpayers.

The bottom line is simple: lower property taxes, lower housing costs, lift up skilled labor wages and provide real financial relief for Illinois families without silencing local voices.

### Definitions

1. “Middle housing” means small scale, multi-unit residential housing types compatible with single-family neighborhoods, including duplexes, triplexes, fourplexes and accessory dwelling units (ADU) accessible to households earning between 80% and 140% of the area median income (AMI).
2. “Qualified residential development” means a residential project that meets eligibility requirements under this Act, including affordability thresholds or participation in local programs under this Act.
3. “Unit of local government” has the meaning provided in Article VII of the Illinois Constitution.
  - a. This includes counties, municipalities, townships, special districts and units designated as units of local government by law which exercise limited governmental powers or powers in respect to limited governmental subjects, but does not include school districts.

### Local Authority Preserved

1. Nothing in this Act shall be construed to:
  - a. Require any unit of local government to approve any development or limit the ability to deny a development application consistent with applicable law;
  - b. Require any unit of local government to adopt or amend a comprehensive plan, zoning ordinance or land use regulation;
  - c. Preempt or override local zoning, permitting or development decisions;

- d. Limit the authority of a unit of local government to regulate land use, development, public safety or infrastructure consistent with applicable law; or,
    - e. Prohibit a unit of local government from adopting additional criteria, conditions or certification requirements for projects within its jurisdiction.
  2. This Act is intended to reduce housing costs without shifting financial burdens onto units of local government or local taxpayers.

## **Section 1. Middle Housing Incentive Program**

1. The state shall establish a Middle Housing Incentive Fund to support voluntary local participation in expanding housing supply.
2. A unit of local government may opt into the program by:
  - a. Allowing duplexes, triplexes, fourplexes and ADUs in designated areas; and,
  - b. Adopting locally-tailored zoning updates to support middle housing.
3. State agencies shall coordinate to ensure consistent and efficient administration within their respective jurisdictions.
4. Participating units of local government shall receive:
  - a. Priority access to state capital funding (including transportation, water, sewer and infrastructure programs);
  - b. Eligibility for targeted housing and infrastructure grants; and,
  - c. Technical assistance for local comprehensive plans, zoning modernization and housing planning.
5. This Section is subject to the Local Authority Preserved provisions of this Act.
6. Local Implementation Findings
  - a. The General Assembly finds that local governments across Illinois are already implementing tailored housing solutions that reflect the needs of their communities. For example, the City of Chicago has authorized ADUs and other forms of middle housing through locally-driven processes. These approaches demonstrate that housing innovation can occur at the municipal and even neighborhood level, allowing policies to reflect infrastructure capacity, community character and public safety considerations.
  - b. It is the intent of this Act to support and expand these locally-initiated solutions, not replace them with uniform statewide mandates.

## **Section 2. By-Right Overlay Districts**

1. A unit of local government may establish locally-designed overlay districts where middle housing is permitted by-right.
2. Within such overlay districts, a unit of local government may:
  - a. Streamline approval processes;
  - b. Establish clear, objective development standards; and,
  - c. Maintain local control of design, safety and infrastructure capacity.
3. A unit of local government adopting overlay districts shall receive:
  - a. Additional funding prioritization under the Middle Housing Incentive Fund; and,
  - b. Expedited state agency review for related infrastructure projects.
4. This Section is subject to the Local Authority Preserved provisions of this Act.

### **Section 3. Adaptive Reuse of Existing Structures**

1. A unit of local government may allow the conversion of existing commercial or underutilized structures into middle housing, subject to local standards.
2. This Section is subject to the Local Authority Preserved provisions of this Act.

### **Section 4. Blight Elimination and Housing Redevelopment Program**

1. Purpose
  - a. The purpose of this Section is to reduce housing costs, improve public safety and expand housing supply by accelerating the removal of abandoned, vacant and blighted properties and facilitating individual lot redevelopment into residential housing.
2. Definitions
  - a. For purposes of this Section, “blighted property” means any residential or commercial structure that is vacant, abandoned, unsafe, structurally unsound or otherwise unfit for occupancy as determined by a unit of local government.
3. Local Authority Preserved
  - a. A unit of local government may identify, designate and prioritize blighted properties for demolition, rehabilitation or redevelopment in accordance with locally adopted standards and procedures.
4. Demolition and Site Clearance Assistance
  - a. The Illinois Housing Development Authority (IHDA), in coordination with the Illinois Department of Commerce and Economic Opportunity (DCEO), may provide grants or low-interest financing to units of local government for:
    - i. Demolition of abandoned or unsafe structures;
    - ii. Environmental remediation where necessary; and,
    - iii. Site preparation for residential redevelopment.
5. Expedited Acquisition Authority
  - a. A unit of local government may utilize existing statutory authority, including expedited acquisition procedures permitted under existing law, to acquire blighted properties for the purpose of eliminating unsafe conditions and facilitating redevelopment.
  - b. Nothing in this Section shall be construed to expand eminent domain authority beyond that permitted under existing law.
  - c. Priority shall be given to lot redevelopment that results in owner-occupied housing.
6. Redevelopment and Disposition
  - a. A unit of local government may:
    - i. Transfer cleared or remediated properties at no cost or reduced cost to qualified developers;
    - ii. Prioritize projects that include single-family homes, duplexes, triplexes, fourplexes or other middle housing; and,
    - iii. Require, as a condition of transfer or assistance, that such properties be marketed for owner-occupancy or long-term rental housing.

7. Affordability and Local Preference
  - a. A unit of local government may establish local criteria to:
    - i. Prioritize owner-occupied housing opportunities;
    - ii. Encourage development affordable to households at or below specified income thresholds; and,
    - iii. Support neighborhood stabilization and reinvestment.
8. Coordination with State Programs
  - a. Projects undertaken pursuant to this Section shall be eligible for priority consideration under any applicable state housing, infrastructure or economic development funding programs established under this Act.
9. Legislative Findings
  - a. The General Assembly finds that:
    - i. Blighted and abandoned properties reduce surrounding property values and increase costs for neighboring homeowners;
    - ii. These properties pose risks to public safety, including fire hazards and structural collapse;
    - iii. Local governments are best positioned to identify and address blight; and,
    - iv. Targeted state support for demolition and lot redevelopment will increase housing supply while reducing long-term costs to taxpayers.

## **Section 5. Residential Transaction Cost Protection**

1. To protect consumers from excessive housing transaction costs, the total aggregate commission charged in a residential real estate transaction shall be limited to a maximum 3% of the final sale price, regardless of the number of agents or parties involved.
2. Any agreement or contract provision that attempts to waive or circumvent this limitation shall be void as against public policy.
3. This approach ensures that transaction costs remain aligned with the goal of housing affordability, while still allowing flexibility in how commissions are legally structured among participating parties.
4. Private Right of Action
  - a. Any person aggrieved by a violation of this Section may bring civil action against any person or entity that directly or indirectly charged, received or retained a commission in excess of the limitations established under this Section, including but not limited to licensed real estate brokers, managing brokers and brokerage firms.
  - b. A prevailing plaintiff may recover:
    - i. Actual damages;
    - ii. Statutory damages of not less than three times the amount unlawfully charged, or punitive damages where appropriate; and,
    - iii. Reasonable attorney's fees and costs.
5. Legislative Findings
  - a. The General Assembly finds that residential real estate transaction costs have increased significantly due to industry practices that have limited downward price competition and transparency for consumers.

- b. The 2023 federal anti-trust class action lawsuit’s jury verdict in *Burnett v. National Association of Realtors* found that certain commission structures and practices resulted in artificially inflated costs to homebuyers and sellers.
- c. These costs are routinely passed through to Illinois residents in the form of higher home purchase prices and increasing housing expenses, directly undermining affordability.
- d. It is therefore the intent of this Section to promote fair competition, increase transparency and align transaction costs with the goal of housing affordability for Illinois families.

## **Section 6. Residential Building Materials Tax Exemption Program**

1. Notwithstanding any provisions of the Retailers’ Occupation Tax Act or the Use Tax Act, building materials purchased for use in a qualified residential development shall be exempt from the state portion (5%) of the sales and Use Tax, when such materials are purchased in accordance with this Section.
2. Certificate-Based Exemption
  - a. The exemption shall be administered through a certificate-based process, consistent with enterprise zone procedures:
    - i. A contractor, subcontractor or project owner shall present a valid Building Materials Exemption Certificate issued by DCEO at the time of purchase;
    - ii. Retailers shall honor the exemption at the point of sale upon receipt of a valid certificate; and,
    - iii. Retailers shall maintain records of exempt sales in accordance with Illinois Department of Revenue (IDOR) requirements.
3. Issuance of Certificates
  - a. Eligibility for the building materials exemption shall be determined by DCEO, in coordination with the applicable municipality or county.
  - b. Upon approval, DCEO shall issue a Building Materials Exemption Certificate for each qualifying residential development.
  - c. Certificates shall be issued on a project specific basis and may include expiration dates, usage limitations and reporting requirements.
  - d. DCEO shall determine project eligibility and issue exemption certificates. IDOR shall administer retailer compliance, audits and enforcement.
4. Administration and Enforcement
  - a. IDOR shall administer and enforce the tax provisions of this Section, including:
    - i. Establishing procedures for retailers to accept exemption certificates at the point of sale;
    - ii. Providing guidance regarding documentation and recordkeeping requirements;
    - iii. Conducting audits and compliance reviews; and,
    - iv. Recapturing any improperly exempted taxes, including penalties and interest where applicable.
5. Qualifying Materials
  - a. The exemption shall apply only to building and housing materials, including but not limited to structural components, heating, ventilation and air conditioning (HVAC) systems and permanently installed fixtures that are:

- i. Incorporated into the structure of a residential housing unit; and,
  - ii. Used in the construction or substantial rehabilitation of:
    - A. Single-family homes;
    - B. Duplexes, triplexes, fourplexes and other middle housing; or,
    - C. Accessory dwelling units.
- 6. Targeted Eligibility
  - a. This exemption shall apply only to projects that meet one or more of the following:
    - i. Located within a county or municipality that has opted into housing initiatives under this Act;
    - ii. Includes housing units priced below a threshold established by the state;
    - iii. Includes units affordable to households at or below 120% of the AMI; or,
    - iv. Consists primarily of middle housing.
- 7. This exemption applies solely to the state portion (5%) of the sales and Use Tax and shall not affect any locally-imposed taxes.
- 8. Local Authority Preserved
  - a. This Section is subject to the Local Authority Preserved provisions of this Act.
- 9. Misuse and Recapture
  - a. If building materials purchased under this Section are not used in a qualifying residential development:
    - i. The purchaser shall be liable for the full amount of tax due;
    - ii. Penalties and interest shall apply; and,
    - iii. IDOR may revoke eligibility and pursue enforcement.
- 10. Legislative Findings
  - a. The General Assembly finds that:
    - i. Illinois imposes the full state sales tax on building materials used in housing construction, effectively taxing the production of housing;
    - ii. These costs are directly passed through to Illinois homebuyers and renters in the form of higher new construction purchase prices and rent prices;
    - iii. Enterprise zone-style exemptions have demonstrated that targeted tax relief can successfully drive investment and development; and,
    - iv. Applying a similar exemption to residential housing will reduce construction costs, increase supply and improve affordability.

## **Section 7. Rental Affordability Protections**

1. Total upfront rental costs, excluding the first month's rent, shall not exceed one month's rent; this includes requirements for security deposits, damage deposits, move-in fees, move-out fees and any other arbitrary upfront charges.
2. Application fees shall not exceed actual screening costs.
3. A landlord or property owner shall not charge an application fee more than once per applicant within a lease period for substantially similar units under the same ownership or management.
4. A landlord or property owner shall not charge multiple or duplicative fees to a single applicant for substantially similar purposes, including but not limited to application, administrative, processing or screening fees, whether labeled differently or charged separately.
5. This Section ensures renters are not priced out due to excessive upfront costs.

6. Private Right of Action
  - a. Any tenant or rental applicant may bring civil action against a landlord, property owner or other covered entity that violates this Section and recover:
    - i. Full repayment of excess charges;
    - ii. Statutory damages of not less than three times the amount unlawfully charged or punitive damages where appropriate; and,
    - iii. Attorney's fees and costs.
  - b. Nothing in this Section shall prohibit recovery by a landlord or property owner of actual damages beyond normal wear and tear, due from a tenant.
  - c. Any provision of a lease or agreement that waives the protections of this Section shall be void as against public policy.
7. This Section shall not be enforced by units of local government unless otherwise authorized by law, as a matter of state concern.
8. Applicability to Common Interest Communities
  - a. For purposes of this Section, the term "landlord" includes any property owner, homeowners' association, common interest community association, property management company or other governing entity that imposes, collects or requires payment of fees, charges, deposits or other costs as a condition of occupancy, lease approval, tenancy or transfer of possession of a residential unit.
    - i. Any such entity shall be subject to the limitations and requirements of this Section with respect to any fees, charges or costs imposed on tenants, unit owners or occupants.

## **Section 8. Homeowners' Association and Condominium Flexibility**

1. A homeowners' association or condominium association shall not unreasonably prohibit or restrict the construction or use of accessory dwelling units (ADU) or other middle housing authorized under this Act, unless necessary to:
  - a. Comply with applicable building, fire or safety codes;
  - b. Protect structural integrity; or,
  - c. Comply with any applicable laws or local ordinances.
2. Application of Rental Affordability Protections
  - a. The limitations, prohibitions and enforcement provisions set forth in the Rental Affordability Protections provisions of this Act, including but not limited to restrictions on fees, deposits and other charges, shall apply to homeowners' associations, condominium associations, property management companies and any other governing entity subject to this Section.
3. This Section applies only where such restrictions would otherwise prohibit housing types authorized under this Act.
4. This Section is subject to the Local Authority Preserved provisions of this Act.

## Section 9. Consumer Protection Against AI Bias

1. Purpose
  - a. The purpose of this Section is to ensure that the use of automated systems, artificial intelligence (AI) or algorithm-based tools in housing-related decisions does not result in unfair or discriminatory outcomes and that individuals have meaningful access to housing opportunities.
2. Applicability
  - a. This Section applies to any landlord, property owner, property management company, screening service, lender or other entity utilizing automated systems, AI or algorithm-based tools to evaluate:
    - i. Rental applications;
    - ii. Tenant screening;
    - iii. Mortgage, credit or lending eligibility; or,
    - iv. Any other housing-related approval or denial decision.
3. Transparency Requirement
  - a. Any entity utilizing such systems shall:
    - i. Provide notice to applicants that an automated system, AI or algorithm-based tool is being used in the decision-making process; and,
    - ii. Disclose, upon request, the primary factors relied upon in making the determination, to the extent practicable.
4. Prohibition on Unfair Outcomes
  - a. No person or entity shall utilize an automated system, AI or algorithm-based tool in a manner that results in a pattern or practice of materially disadvantaging applicants based on protected characteristics under the Illinois Human Rights Act.
  - b. A violation may be established based on the demonstrated effects of such systems, including where a system produces a disproportionate adverse impact that cannot be justified by a legitimate, non-discriminatory purpose.
5. Right to Review
  - a. Any applicant denied housing or subjected to materially adverse terms based on an automated system, AI or algorithm-based tool decision shall have the right to:
    - i. Submit additional information for consideration; and,
    - ii. Request a manual review of their application prior to a final determination.
6. Recordkeeping
  - a. Entities subject to this Section shall maintain sufficient records of AI and algorithmic decision-making processes to demonstrate compliance with this Section.
7. Private Right of Action
  - a. Any tenant or rental applicant may bring civil action against a landlord, property owner or other covered entity that violates this Section and recover:
    - i. Statutory damages,
    - ii. Punitive damages where appropriate; and,
    - iii. Attorney's fees and costs.
8. Automated Systems, AI or Algorithm-Based Tools
  - a. Nothing in this Section shall be construed to:

- i. Prohibit the use of automated systems in financial or housing decisions; or,
- ii. Require the consideration of any specific factor in evaluating applicants.

## **Section 10. Housing Cost Stability and Insurance Review**

1. The Illinois Housing Development Authority (IHDA), in coordination with the Illinois Department of Insurance, shall evaluate and report to the General Assembly on barriers to housing affordability related to property insurance availability and costs; including:
  - a. Rising premiums for renters, property owners, homeowners and landlords;
  - b. Impacts on housing development and rental pricing; and,
  - c. Opportunities to improve market stability and affordability.

## **Section 11. Prevailing Wage Requirement**

1. Prevailing Wage
  - a. All construction work performed on projects receiving benefits under this Act shall comply with the Illinois Prevailing Wage Act.
2. Project Labor Agreements
  - a. For qualifying residential developments receiving benefits under this Act that exceed thresholds established by the state based on project size, total development cost or number of residential units, the project sponsor shall enter into a project labor agreement (PLA) consistent with the Illinois Project Labor Agreements Act.
3. Nothing in this Section shall be construed to:
  - a. Require a unit of local government to impose a PLA independent of this Act; or,
  - b. Limit local government authority on project approval or labor considerations.
4. This Section is subject to the Local Authority Preserved provisions of this Act.
5. Purpose
  - a. The General Assembly finds that the use of PLAs:
    - i. Promotes workforce wage stability;
    - ii. Ensures timely and efficient project completion; and,
    - iii. Supports local workforce participation and training.

## **Section 12. Workforce Development and Housing Construction Pipeline**

1. The state may establish or support workforce development initiatives to expand the skilled labor pool for residential construction, including:
  - a. Partnerships with community colleges, trade schools and pre-approved apprenticeship programs registered with the Office of Apprenticeship within the United States Department of Labor's Employment and Training Administration;
  - b. Training programs for construction trades and building inspections; and,
  - c. Incentives for participation in workforce housing projects.

## **Section 13. Permitting and Inspection Reform**

1. Upon submission of a complete application as defined by the applicable permitting authority:
  - a. The permitting authority, including state agencies, shall issue a determination of completeness within five business days.

- b. Upon determination that an application is complete, the permitting authority shall issue a final decision on the merits of the application within 10 business days for standard applications, unless additional information is required; or,
  - c. The project involves complex review.
- 2. A one-time extension of up to 10 additional business days may be automatically granted upon written notice to the applicant stating a reason for the extension.
- 3. Following the one-time extension, if a required inspection is not completed, the applicant may retain, at their expense, a qualified third-party inspector.
- 4. State agencies and units of local government shall accept compliant third-party inspection reports and may establish rules or processes for the same.
- 5. Final approvals shall be issued within a reasonable timeframe following receipt of a compliant inspection report.
- 6. This Section is intended to:
  - a. Reduce unnecessary delays;
  - b. Lower project carrying costs; and,
  - c. Increase predictability for developers and units of state and local government.
- 7. These requirements shall apply equally to state agencies and units of local government.

## **Section 14. Infrastructure Cost Flexibility and Affordability**

- 1. No New Fees
  - a. Nothing in this Act shall be construed to create or encourage any new tax, fee or charge.
- 2. Local Authority Preserved
  - a. Nothing in this Act shall limit a unit of local government's existing authority to impose water, sewer or storm water-related charges in accordance with applicable law.
- 3. Deferral and Flexibility
  - a. A unit of local government may provide flexibility for qualifying residential developments, including:
    - i. Deferral of utility connection fees until a certificate of occupancy is issued;
    - ii. Phased payment structures; and,
    - iii. Fee reductions or waivers where appropriate to support housing affordability.
- 4. Credit for Improvements
  - a. A unit of local government may allow alternative or cost-effective stormwater compliance options for qualifying residential developments, consistent with public safety and environmental standards.
- 5. Nothing in this Section shall be construed to require the imposition of any new fee or charge.

## **Section 15. Impact Fee Standards, Transparency and Local Flexibility**

- 1. Purpose
  - a. The purpose of this Section is to promote housing affordability by ensuring that impact fees are transparent, proportionate and applied in a manner that supports efficient residential development, while preserving local authority.
- 2. Local Authority Preserved
  - a. Nothing in this Section shall be construed to:
    - i. Limit local authority to impose impact fees;

- ii. Establish a statewide fee schedule or formula;
  - iii. Require a unit of local government to impose impact fees;
  - iv. Restrict the use of development agreements between a unit of local government and developers; or,
  - v. Expand the authority of any unit of local government to impose impact fees beyond existing law.
- b. This Section is subject to the Local Authority Preserved provisions of this Act.
- 3. Proportionality and Nexus
  - a. Impact fees shall be reasonably related to the estimated actual and proportionate cost of infrastructure necessitated by the development.
- 4. Fee Study Requirement
  - a. A unit of local government imposing impact fees shall maintain a fee study consistent with applicable law demonstrating the basis for the calculation of such fees.
  - b. Such studies shall be:
    - i. Publicly available; and,
    - ii. Periodically updated to reflect current infrastructure costs and development conditions.
- 5. Prevention of Duplicate Charges
  - a. A unit of local government shall not impose impact fees for infrastructure improvements that are otherwise required to be constructed or funded directly by the developer.
- 6. Deferral Option
  - a. A unit of local government may allow impact fees associated with residential development to be paid at or prior to the issuance of a certificate of occupancy, rather than at the time of permit issuance.
- 7. Housing Incentive Alignment
  - a. Any unit of local government that adopts impact fee deferrals, reductions or other flexibility measures for qualifying residential developments may receive priority consideration for state housing, infrastructure or economic development funding under this Act.

## **Section 16. Local Government Partnership and Accountability**

1. The state shall prioritize infrastructure funding for any unit of local government that:
  - a. Demonstrates measurable increases in housing production;
  - b. Utilizes incentive programs established under this Act; and,
  - c. Maintains compliance with local planning and safety standards.
2. Annual reporting shall include:
  - a. Units permitted and constructed;
  - b. Participation in incentive programs; and,
  - c. Infrastructure investments tied to housing growth.
3. This Act reinforces a state-local partnership model, not a preemption model.
4. Participation in this Act shall not be used as a condition for unrelated state funding to any unit of local government.

## Section 17. Infrastructure and Capacity Coordination

1. A unit of local government may consider whether existing or planned infrastructure, public services and community resources are sufficient to support a proposed residential development.
2. Infrastructure Capacity
  - a. In evaluating a proposed development, a unit of local government may consider the availability and capacity of:
    - i. Sanitary sewer systems;
    - ii. Water supply and distribution systems;
    - iii. Stormwater management infrastructure; and,
    - iv. Transportation and roadway capacity.
  - b. A unit of local government may require verification that adequate sanitary sewer capacity is available to serve the proposed development, consistent with applicable state and federal regulations, including those administered by the Illinois Environmental Protection Agency.
3. Private Systems (Wells/Septic)
  - a. For developments relying on private water or wastewater systems, a unit of local government may require demonstration that such systems can support the proposed use without creating risk to public health or environmental quality.
4. Public Safety and Emergency Services
  - a. A unit of local government may consider the impact of development on:
    - i. Police services;
    - ii. Fire protection; and,
    - iii. Emergency response times and access.
5. Schools and Community Services
  - a. A unit of local government may consider the impact of development on:
    - i. Local school capacity;
    - ii. Parks and recreational facilities; and,
    - iii. Other community services.
6. Comprehensive Plan Consistency
  - a. A unit of local government may consider consistency with its adopted comprehensive plan or other planning documents in evaluating proposed developments.
7. Cumulative Impacts
  - a. A unit of local government may consider the cumulative impact of multiple developments within a service area when evaluating infrastructure and service capacity.
8. Local Authority Preserved
  - a. Nothing in this Section shall be construed to limit local authority to protect public health, safety and welfare.
  - b. This Section is subject to the Local Authority Preserved provisions of this Act.

## **Section 18. Residential Tax Increment Financing Support**

1. Purpose
  - a. The purpose of this Section is to affirm the existing statutory role of Tax Increment Financing (TIF) districts as a critical local tool to support residential development and housing affordability.
2. Local Authority Preserved
  - a. Nothing in this Act shall be construed to limit, restrict or discourage the use of TIF districts by a unit of local government for residential development, redevelopment or housing-related infrastructure in accordance with the Tax Increment Allocation Redevelopment Act.
3. Housing Development Alignment
  - a. A unit of local government may utilize TIF districts to:
    - i. Support the construction or rehabilitation of residential units;
    - ii. Offset infrastructure costs necessary to enable housing development; and,
    - iii. Promote redevelopment in areas where market conditions would not otherwise support residential investment.
4. State Policy Alignment
  - a. It is the intent of the General Assembly that state housing policy recognize and support the continued use of TIF districts as a locally controlled economic development tool that can be used to expand housing supply and improve affordability without imposing statewide mandates.

## **Section 19. Comprehensive Planning and Zoning Assistance**

1. Grant Program Established
  - a. The Illinois Department of Commerce and Economic Opportunity (DCEO) shall establish a program to provide grants or matching grants to units of local government for the purpose of developing, updating or implementing comprehensive plans, zoning ordinances or land use regulations consistent with the goals of this Act.
2. Grant Amounts
  - a. Grants awarded under this Section may be provided in an amount not to exceed \$25,000 per municipality or county, subject to appropriation, with or without a local match of funds.
3. Eligible Uses
  - a. Funds may be used for:
    - i. Comprehensive plan development or revision updates;
    - ii. Zoning ordinance modernization;
    - iii. Housing needs assessments;
    - iv. Infrastructure planning related to residential growth; and,
    - v. Technical planning assistance.
4. Local Authority Preserved
  - a. This Section is subject to the Local Authority Preserved provisions of this Act.

## **Section 20. People Over Panels**

1. Purpose
  - a. This Section is intended to ensure that units of local government retain the ability to balance land use priorities, including the need for residential housing development, infrastructure capacity and long-term planning goals.
2. Local Authority Preserved
  - a. A unit of local government may regulate or prohibit the installation of a solar energy system or an energy storage system within its jurisdiction where such regulation or prohibition is supported by a documented comprehensive planning process.
3. Planning Requirement
  - a. A unit of local government may exercise such authority if it can demonstrate a record of a documented planning process, of not less than 60 days, including public notice, opportunity for comment and consideration of the property where the solar energy system or energy storage system is proposed to be sited.
4. Consistency with Local Plans
  - a. Where such planning record exists, a unit of local government may regulate or prohibit the solar energy system or energy system in a manner consistent with:
    - i. Its comprehensive plan;
    - ii. Its zoning authority; and,
    - iii. Applicable land use regulations.
5. Extraterritorial Jurisdiction
  - a. This authority shall include the ability to regulate or prohibit such systems within any local extraterritorial zoning jurisdiction, including areas within one and one-half miles of a municipality's corporate limits, as authorized by law.

## **Section 21. Local Housing Stabilization Authority**

1. The state shall not prohibit a unit of local government from adopting locally-tailored rent stabilization measures.
2. Such measures may:
  - a. Be locally adopted by ordinance or referendum; and,
  - b. Include exemptions for landlords or property owners controlling four or fewer units within a municipality.

## **Section 22. Administration and Coordination**

1. The Illinois Department of Commerce and Economic Opportunity (DCEO) shall serve as the lead state agency responsible for administering and coordinating programs, incentives and participation under this Act, and may utilize the technical expertise of any other state agency as necessary or appropriate.
2. The Illinois Department of Revenue (IDOR) shall administer any tax-related provisions associated with this Act, including certification, compliance and reporting requirements related to tax benefits.
3. DCEO, the Illinois Housing Development Authority (IHDA), the Illinois Office of the State Fire Marshal (OSFM) and the Illinois Department of Insurance (DOI) may, in coordination with other

state agencies, provide guidance, track local participation and prioritize funding or incentives consistent with the purposes of this Act.

4. All actions taken under this Section shall be ministerial, advisory or administrative in nature and shall not be construed to limit local authority.

## **Section 23. Mobility and Transportation Infrastructure Standards**

1. Purpose
  - a. To determine community-specific transportation related development standards while preserving local control for land use decisions.
2. Local Flexibility
  - a. A unit of local government may:
    - i. Reduce or eliminate minimum off-street parking requirements for residential developments;
    - ii. Waive or modify electric vehicle infrastructure requirements where parking reductions are permitted under this Act; and,
    - iii. Allow alternative compliance measures, including shared parking, off-site parking or transportation demand strategies.
  - b. Any reduction in parking requirements must:
    - i. Maintain emergency vehicle access standards; and,
    - ii. Preserve and recognize the federal Americans with Disabilities Act-accessible parking requirements.
3. Priority Incentive
  - a. Any unit of local government that adopts parking flexibility measures for qualifying residential developments may receive priority consideration for state housing, infrastructure or economic development funding.
4. Local Authority Preserved
  - a. Nothing in this Section shall require a unit of local government to reduce or eliminate parking requirements.
  - b. This Section is subject to the Local Authority Preserved provisions of this Act.

## **Section 24. Residential Building Code Flexibility**

1. Purpose
  - a. To promote cost-effective housing design while maintaining life safety standards.
2. Optional Adoption
  - a. A unit of local government may adopt building code provisions allowing single-stairwell residential building designs, provided such buildings:
    - i. Meet applicable height and unit count limitations; and,
    - ii. Incorporate enhanced fire safety measures, including but not limited to:
      - A. Fire-resistant construction;
      - B. Automatic sprinkler systems;
      - C. Fire alarm and detection systems; and,
      - D. Smoke control or ventilation measures as required.

3. State Guidance
  - a. The Office of the State Fire Marshal may develop model standards or guidance for any unit of local government choosing to adopt such provisions.
4. Local Authority Preserved
  - a. Nothing in this section shall:
    - i. Require a unit of local government to adopt single-stairwell provisions; or,
    - ii. Preempt local building or fire code authority.

## **Section 25. LGDF Dollar-For-Dollar Property Tax Relief**

1. Purpose
  - a. The purpose of this Section is to ensure that increases in Local Government Distributive Fund (LGDF) revenues result in direct and measurable property tax relief for Illinois residents, while preserving local decision making authority.
2. Mechanism
  - a. Beginning in the first State Fiscal Year (SFY) in which the LGDF distribution rate exceeds 8.0% of state income tax collections, each county and municipality shall annually determine, by resolution, whether to participate in the receipt of LGDF revenues above the 8.0% threshold.
  - b. A county or municipality that elects to participate shall receive its share of LGDF revenues above the 8.0% threshold, subject to the requirements of this Section.
  - c. Any county or municipality that does not adopt such a resolution shall forgo receipt of LGDF revenues distributed above the 8.0% threshold for that fiscal year.
3. Use of Funds
  - a. Any county or municipality that elects to participate shall use the amount of LGDF revenues received above the 8.0% threshold to provide property tax relief in an amount equal to the increase received.
  - b. The amount of required property tax relief shall be calculated as the total dollar increase in LGDF revenues received above the 8.0% threshold in that fiscal year.
  - c. For purposes of this Section, “property tax relief” means:
    - i. A reduction in the property tax levy;
    - ii. A property tax abatement; or,
    - iii. The avoidance of a property tax levy increase that would otherwise be necessary to fund general operations.
  - d. This requirement ensures that any additional LGDF revenues are returned to taxpayers through lower property tax burdens.
4. Affordability Impact
  - a. This structure ensures that increases in LGDF funding function as direct property tax relief for residents.
  - b. Based on current estimates, restoring LGDF to 8.0% would generate more than \$500 million annually for local governments, while increases toward the historical 10% level could produce more than \$700 million in annual property tax relief statewide.
  - c. By directly tying state revenue sharing to property tax reduction, this Section provides immediate and ongoing affordability for homeowners and renters without imposing mandates or shifting financial burdens onto local communities.

5. School Districts and Taxing Body Coordination
  - a. School districts and other taxing bodies are encouraged to limit future property tax levy growth to help ease the burden on taxpayers.
6. Annual Timing
  - a. A county's or municipality's resolution under this Section shall be adopted annually following enactment of the state budget and prior to the adoption of the county's or municipality's property tax levy that year between July 1 and December 31 of each year, ensuring alignment between LGDF decisions and local tax-setting processes.
  - b. Property tax relief provided under this Section shall be implemented in the next applicable property tax levy cycle following receipt of such funds.
7. Accountability
  - a. A county or municipality shall demonstrate compliance with this Section through its annual budget, property tax levy ordinance abatement documentation or other official financial records.
8. Limitations and Clarifications
  - a. This Section applies only to LGDF revenues distributed above the 8.0% threshold and does not apply to base LGDF funding up to 8.0%.
  - b. Nothing in this Section shall be construed to:
    - i. Require a county or municipality to reduce its total property tax levy below the amount levied in the prior year;
    - ii. Limit the authority of a county or municipality to make budgetary or tax levy decisions consistent with applicable law;
    - iii. Restrict the use of LGDF revenues received in prior fiscal years; or,
    - iv. Require a county or municipality to participate in this program.
  - c. This Section is subject to the Local Authority Preserved provisions of this Act.

## **Section 26. Funding For Veterans Property Tax Relief Reimbursement Pilot Program**

1. Purpose
  - a. The purpose of this Section is to ensure that property tax relief provided to veterans does not result in unintended revenue losses for counties, municipalities or other local taxing districts. This funding does not create a new tax or fee.
2. Appropriation from Real Estate Transfer Tax Revenue
  - a. The General Assembly shall allocate \$30 million annually from the revenues derived from the state Real Estate Transfer Tax to fund reimbursement under the Veterans Property Tax Relief Reimbursement Pilot Program, as authorized under 20 ILCS 2505/2505-810 or any successor program.
3. Use of Funds
  - a. Funds appropriated under this Section shall be used exclusively to:
    - i. Reimburse counties, municipalities and other local taxing districts for revenue losses associated with state-authorized veterans property tax exemptions; and,
    - ii. Support full or partial payments in accordance with the statutory formula governing the pilot program.

4. Distribution
  - a. Reimbursements shall be distributed in accordance with existing statutory requirements and administrative procedures established by the Illinois Department of Revenue (IDOR).
5. Legislative Findings
  - a. The General Assembly finds that:
    - i. Illinois generated approximately \$95 million to \$100 million annually in Real Estate Transfer Tax revenue in recent fiscal years.
    - ii. These revenues are currently undedicated.
    - iii. Dedicating a portion of this existing housing-related revenue stream to fund property tax relief reimbursements is consistent with the purpose of supporting housing affordability.
6. Funding this program will:
  - a. Prevent the shifting of tax burdens onto other property taxpayers;
  - b. Help stabilize local revenues; and,
  - c. Reduce pressure for local property tax increases.
7. Applications for financing under this Section shall receive priority processing, and the state shall make its best efforts to issue determinations within a reasonable timeframe.
8. Nothing in this Section shall:
  - a. Require a unit of local government to reduce its property tax levies; or,
  - b. Limit local taxing authority or budgetary discretion.

## **Section 27. Concurrent Home Rule Authority**

1. This Act is enacted consistent with Article VII, Section 6(i) of the Illinois Constitution regarding concurrent exercise of authority.
2. This Act is a limitation and denial of home rule powers and functions under Article VII, Section 6(i) of the Illinois Constitution only to the extent expressly stated herein.
  - a. A home rule unit may exercise concurrent authority with the state to implement, administer and enforce the provisions of this Act.
  - b. A home rule unit may adopt ordinances, regulations or requirements that are more restrictive, more protective or more stringent than the standards established under this Act.
  - c. This Section is intended to establish a minimum statewide standard while preserving the ability of home rule units to respond to local conditions and needs.

## **Section 28. Effective Date**

This Act takes effect January 1, 2028.



# Illinois Municipal League

## POSITION PAPER

### Preemption of Local Authority For Land Use and Zoning

House Bill (HB) 5626 introduces sweeping changes to zoning and housing laws across Illinois by permitting increased residential development in areas zoned for single-family homes and preempting local government authority.

#### The Issue:

This legislation preempts local authority for all municipalities for land use planning and zoning and mandates density increases in single-family residential zoning districts.

HB 5626 includes provisions establishing statewide zoning standards, including minimum lot sizes, increased residential density allowances, legalization of accessory dwelling units, limitations on parking requirements and changes affecting local development review and inspection processes. These proposals also reference the creation of a statewide formula related to impact fees. The Illinois Municipal League’s (IML) *Impact Fees* fact sheet is [available via this link](#).

#### IML Solution:

Empower local governments to address housing needs in ways that reflect their unique conditions and priorities. Local governments are best positioned to balance growth with infrastructure capacity, fiscal impacts and neighborhood context. IML respectfully requests members of the General Assembly to vote NO on HB 5626.

Bill Number:

**HB 5626**

Sponsor:

**Rep. Buckner  
(D-29)**

IML Position:

**Oppose**

**BY LEAVING KEY DECISIONS TO LOCAL CONTROL, THE STATE CAN ENCOURAGE RESPONSIBLE HOUSING DEVELOPMENT WITHOUT SHIFTING UNDUE COSTS, RISKS OR LIABILITY ONTO MUNICIPALITIES.**



# Preserve Local Housing Authority

Under current Illinois law, communities follow a clear and transparent zoning process that informs residents and provides real opportunities for public input on local land use decisions. When a zoning request is filed, public notice is provided in advance through publication in a local newspaper at least 15 days before a public hearing and nearby property owners are notified by certified mail and on-site signage. A public hearing is then held so residents and affected neighbors can share their views before local officials make a final decision at a public meeting. This process ensures zoning decisions are made openly, carefully and in the community’s best interests.

Governor JB Pritzker’s Building Up Illinois Developments (BUILD) plan introduces one-size-fits-all changes to housing and zoning laws across Illinois, automatically allowing increased residential development statewide without local approval, including multi-unit developments in areas currently zoned for single-family homes. This limits the ability of local governments to make key zoning decisions in their own communities, where they can be held accountable in local elections.

**Governor Pritzker’s BUILD plan removes local authority, leaving residents with one option: to contact their state legislators after automatic, mandated approval has already been granted.**

The Illinois Municipal League advocates for the preservation of local authority and community input.

[iml.org/housing](http://iml.org/housing)



Local Land Use Issue Brought to Public Attention



Local Residents Share Thoughts



Local Officials Make Decision

# What You've Got

Currently, when zoning decisions are proposed that may impact a community, the zoning process includes multiple steps for local input, to allow the community's voices to be heard and to ensure local elected officials can make careful decisions with the community's best interests in mind.

- Development plans received by, and building permits approved by, the municipality reflect community standards from the start.
- Public notices inform the community of potential changes before they happen.
- Certified mail notices sent to nearby property owners ensure those most affected are aware of potential changes that may impact their property's value and neighborhood.
- Public hearings allow anyone — residents and non-residents — to come together and voice their support or opposition.
- Local zoning officials are accessible and best positioned to understand the needs of their community to responsibly facilitate growth.
- Zoning disputes can be resolved by going to city hall or contacting your local zoning officials.
- Appeals can be pursued through the local Zoning Board of Appeals and then, by right, the court system.

# What You'll Get

Governor Pritzker's BUILD plan offers one-size-fits-all state-mandated approval.



- Call your state legislator.
- Go to Springfield to meet with members of the General Assembly.
- Amend state law, with even more state laws, to address local zoning and land use issues.

**Preserving municipal housing authority ensures local solutions to local problems.**

Learn more at  
**[iml.org/housing](https://iml.org/housing)**



# IML REAL HOUSING ACT

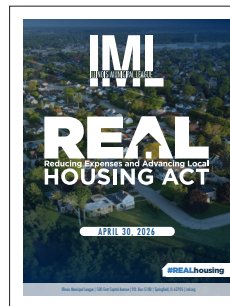
ILLINOIS MUNICIPAL LEAGUE

Reducing Expenses and Advancing Local

The REAL Housing Act is a comprehensive proposal to address one of the biggest financial pressures facing Illinois families today – the rising cost of housing, driven in large part by high property taxes and industry-driven profits. This proposal is built to deliver real relief by reducing what people pay to live in their homes and putting money back in their pockets.

## REAL Housing Act Proposal

The Illinois Municipal League's thorough and thoughtful proposal to increase affordable housing options.

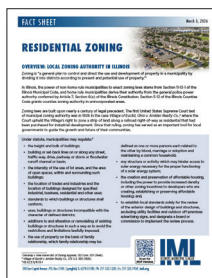


## Municipal Opposition to Governor JB Pritzker's BUILD Plan

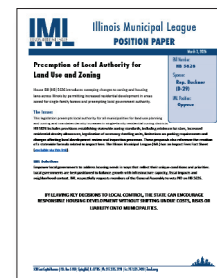


## IML Housing Resources

Fact sheets and publications



## Bill Position Papers and Other Resources



[iml.org/REALhousing](http://iml.org/REALhousing)



Educate. Advocate. Empower.

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Village President Catherine M. Adduci, River Forest

March 3, 2026

The Honorable JB Pritzker  
Governor  
207 Statehouse  
Springfield, Illinois 62706

Dear Governor Pritzker:

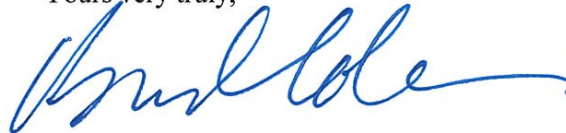
As announced in your recent State of the State Address, the “Building Up Illinois Developments” (BUILD) plan is conceptually set forth in a series of legislative proposals that have been introduced as bills in both chambers of the Illinois General Assembly. In their current form, the Illinois Municipal League (IML) is opposed to each bill due to their individual and combined preemption of municipal authority.

Zoning and land use authority are issues at the heart of local control. So, too, is the provision of well-planned, safe and affordable housing for a community’s residents, since local officials are the closest representatives to those residents and can best articulate short-term and long-term local perspectives. A one-size-fits-all approach on this topic simply does not work.

As the statewide association representing all 1,294 cities, villages and towns across the state, IML respectfully requests to be included in all future conversations, legislative working group meetings and/or other discussions that pertain to the BUILD plan and as relate to municipal authority and local implementation of possible legislative outcomes involving your proposal.

Please feel welcome to contact me directly by phone (c: 618-201-7320; w: 217-525-1220) or by email (bcole@iml.org) as those meetings and discussions are anticipated or scheduled. We look forward to working together on this issue. Thanks.

Yours very truly,



BRAD COLE  
Chief Executive Officer

c: Senate President Don Harmon  
Senate Republican Leader John Curran  
Speaker of the House Emanuel “Chris” Welch  
House Republican Leader Tony McCombie  
IML Board of Directors



500 East Capitol Avenue | P.O. Box 5180 | Springfield, IL 62705-5180 | Phone: 217.525.1220 | Fax: 217.525.7438 | [iml.org](http://iml.org)

## RESIDENTIAL ZONING

### OVERVIEW: LOCAL ZONING AUTHORITY IN ILLINOIS

Zoning is “a general plan to control and direct the use and development of property in a municipality by dividing it into districts according to present and potential use of property.”<sup>1</sup>

In Illinois, the power of non-home rule municipalities to enact zoning laws stems from Section 11-13-1 of the Illinois Municipal Code, and home rule municipalities derive their authority from the general police power authority conferred by Article 7, Section 6(a) of the Illinois Constitution. Section 5-12 of the Illinois Counties Code grants counties zoning authority in unincorporated areas.

Zoning laws are built upon nearly a century of legal precedent. The first United States Supreme Court test of municipal zoning authority was in 1926 in the case *Village of Euclid, Ohio v. Ambler Realty Co.*,<sup>2</sup> where the Court upheld the Village’s right to zone a strip of land along a railroad right-of-way as residential that had been purchased for industrial development. Since that ruling, zoning has served as an important tool for local governments to guide the growth and future of their communities.

Under statute, municipalities may regulate:<sup>3</sup>

- the height and bulk of buildings;
- building or set-back lines on or along any street, traffic-way, drive, parkway or storm or floodwater runoff channel or basin;
- the intensity of the use of lot areas, and the area of open spaces, within and surrounding such buildings;
- the location of trades and industries and the location of buildings designed for specified industrial, business, residential and other uses;
- standards to which buildings or structures shall conform;
- uses, buildings or structures incompatible with the character of defined districts;
- additions to and alteration or remodeling of existing buildings or structures in such a way as to avoid the restrictions and limitations lawfully imposed;
- the use of property on the basis of family relationship, which family relationship may be defined as one or more persons each related to the other by blood, marriage or adoption and maintaining a common household;
- any structure or activity which may hinder access to solar energy necessary for the proper functioning of a solar energy system;
- the creation and preservation of affordable housing, including the power to provide increased density or other zoning incentives to developers who are creating, establishing or preserving affordable housing; and,
- to establish local standards solely for the review of the exterior design of buildings and structures, excluding utility facilities and outdoor off-premises advertising signs, and designate a board or commission to implement the review process.

<sup>1</sup> *Devaney v. New Haven Bd. of Zoning Appeals*, 132 Conn. 537 (1946).

<sup>2</sup> *Village of Euclid v. Ambler Realty Co.*, 272 U.S. 365 (1926).

<sup>3</sup> 65 ILCS 5/11-13-1



Municipalities may divide the entire municipality into districts according to the use of land and buildings, height and bulk of buildings, intensity of the use of lot area, area of open spaces or other classifications, as deemed appropriate.<sup>4</sup>

Zoning regulations are required to bear a reasonable relationship to public health, safety and welfare of the community.

## **RESIDENTIAL DISTRICTS**

Municipalities may divide their jurisdiction into districts of varying number, shape and classification as deemed appropriate. Residential districts are commonly established to separate low-density and high-density uses, such as separating single-family homes from multiple-unit apartment buildings. Modern zoning practice generally excludes uses not specifically listed as permitted within a district.

## **DENSITY AND LOT SIZE REGULATION**

Regulation of residential density is a central zoning function. Illinois law authorizes municipalities to regulate the intensity of use and lot areas, the height and bulk of structures and open space requirements. Common tools include height limitations, density standards, floor area ratio, frontage requirements, minimum building size and front, side and rear yard setbacks.

Through these mechanisms, municipalities control units per acre, minimum lot size, building mass and spacing and overall development intensity. Density regulations must be reasonable and defensible if challenged.

## **ACCESSORY DWELLING UNITS**

Accessory dwelling units are secondary dwelling units located on the same lot as a principal residence. While terminology varies, regulation of accessory dwelling units falls within existing municipal authority to classify residential uses and regulate lot intensity. Municipalities may classify and regulate residential uses and regulate the intensity of lot area use.

Because accessory dwelling units increase the number of dwelling units on a lot, they impact density standards, height and bulk limitations and yard and setback requirements. Local ordinances may permit accessory dwelling units by right in certain districts, require special use approval, limit size through floor area ratios or building standards and regulate placement and lot coverage.

## **PARKING MINIMUMS**

Parking standards are typically adopted as part of a zoning ordinance and function as a land use and development intensity control. Parking regulations often establish minimum off-street spaces per dwelling unit, address congestion and traffic impacts and influence building footprint and open space on a lot. Parking requirements operate in coordination with density, setback and lot coverage regulations. The same is also found in commercial and retail districts.

## **SPECIAL USES, VARIANCES AND FLEXIBILITY MECHANISMS**

Residential zoning ordinances include procedural tools to address development proposals that do not strictly conform to district standards, such as variances (variations), special uses and planned unit developments. These mechanisms allow municipalities to evaluate increased density proposals, consider accessory dwelling units in districts, where not permitted by right, and modify lot size or parking standards where appropriate.

<sup>4</sup> 65 ILCS 5/11-13-1(5)

## REASONABLENESS AND LEGAL STANDARDS

Courts evaluate zoning regulations based on whether they bear a reasonable relationship to public health, safety and welfare. Municipalities ensure that residential zoning standards — including density limits, accessory dwelling unit regulations and parking requirements — are clearly articulated in ordinance text, consistently applied and supported by legitimate planning objectives.

## IMPACT FEES

Impact fees are one-time fees imposed on new developments to help offset the costs of expanding public infrastructure to accommodate those developments. Both home rule and non-home rule municipalities may adopt ordinances requiring impact fees; however, home rule municipalities have broader authority to impose a wider range of fees. For more information about impact fees, the Illinois Municipal League (IML) has a fact sheet, *Impact Fees* ([available via this link](#)).

## COMPREHENSIVE PLANS

Pursuant to 65 ILCS 5/11-12-6, a municipality may develop a comprehensive plan. This plan is an official map that designates the types of land uses the municipality would like to see developed on specific properties. It may also include requirements for the size and materials used in streets and alleys, the location of parks, playgrounds and school sites and standards for drainage and sanitary sewer facilities.

A comprehensive plan is an advisory document and map. Unlike a zoning ordinance, a comprehensive plan does not regulate or control the particular use of property. Instead, a comprehensive plan sets goals for the development or redevelopment of the community.

Adopting a comprehensive plan that incorporates proper zoning goals can increase the likelihood that a court will uphold the validity of the zoning of a particular parcel, if challenged, where that zoning is in conformity with the comprehensive plan. For more information about comprehensive plans, IML has a fact sheet, *Comprehensive Plans* ([available via this link](#)).

## IML ZONING AND LAND USE RESOURCES

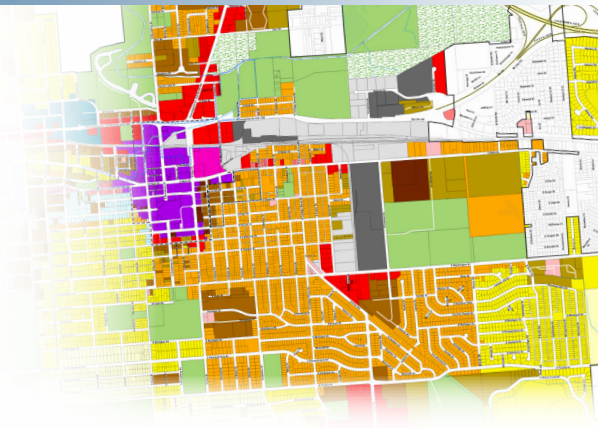
For more information about zoning, please refer to the *IML Zoning Handbook for Municipal Officials*, available at [iml.org/zoning](http://iml.org/zoning).

Additionally, IML has a dedicated housing webpage, [iml.org/housing](http://iml.org/housing) ([available via this link](#)). This webpage features the following fact sheets; which are also available at [iml.org/factsheets](http://iml.org/factsheets).

- *Comprehensive Plans* ([available via this link](#))
- *Electric Vehicle Charging Requirements for Residential Construction* ([available via this link](#))
- *Impact Fees* ([available via this link](#))
- *Municipal Parking* ([available via this link](#))
- *Statewide Building Codes* ([available via this link](#))

**[iml.org/zoning](http://iml.org/zoning)**

## COMPREHENSIVE PLANS



Pursuant to [65 ILCS 5/11-12-6](#), a municipality may develop a comprehensive plan. This plan is an official map that designates the types of land uses the municipality would like to see developed on specific properties. It may also include requirements for the size and materials used in streets and alleys, the location of parks, playgrounds and school sites and standards for drainage and sanitary sewer facilities.

A comprehensive plan is an advisory document and map. Unlike a zoning ordinance, the comprehensive plan does not regulate or control the particular use of property. Instead, the comprehensive plan sets goals for the development or redevelopment of the community.

Adopting a comprehensive plan that incorporates proper zoning goals can increase the likelihood that a court will uphold the validity of the zoning of a particular parcel, if challenged, where that zoning is in conformity with the comprehensive plan.

When a community is considering creating a comprehensive plan or learning more about planning and zoning, please refer to the Illinois Municipal League (IML) *Zoning Handbook for Municipal Officials*, available at [iml.org/zoning](http://iml.org/zoning). This handbook is written for officials who are involved in the zoning decision-making process. It also provides guidelines and explains key concepts such as the distinction between variances and special uses and the different functions of a plan commission, also referred to as a planning commission, and a zoning board of appeals.

Tax Increment Financing (TIF) may be a consideration in your community's comprehensive plan deliberations. TIF is a mechanism for municipalities to spur economic development in specific geographic areas that are blighted and deteriorating. TIF is a vital economic development tool for Illinois cities, villages and towns. IML works to support, improve and protect TIF through our advocacy efforts. IML has developed a dedicated webpage that provides resources and additional information regarding TIF, available at [iml.org/tif](http://iml.org/tif).

### PROCESS

The process for a municipality to adopt a comprehensive plan is governed by the Illinois Municipal Code ([65 ILCS 5/11-12-5 through 5/11-12-12](#)). The plan serves as an advisory guide for zoning, subdivision of land parcels or real property, capital improvements and other municipal policies but it is not self-executing law. Zoning ordinances and other regulations must be enacted separately.



First, the corporate authorities must have a plan commission or plan department or both, created by ordinance. The commission is responsible for preparing the proposed comprehensive plan or amendments and is given wide latitude for what can be included: land use, streets, public facilities, parks, zoning policy, utility systems and anticipated annexation areas. The comprehensive plan can cover the municipality and its extraterritorial jurisdiction: the surrounding unincorporated territory within 1.5 miles of municipal boundaries, unless another municipality already has jurisdiction there.

Before adoption, the plan commission must conduct a public hearing, providing at least 15 days' notice of the hearing. The notice must include the time and place of the hearing and be published in a newspaper of general circulation in the county or counties in which the municipality and contiguous unincorporated territory are located.<sup>1</sup>

Following the hearing, the plan commission may vote on a recommendation to adopt the plan (possibly with amendments) and send that recommendation to the city council or village or town board. "Within 90 days after the conclusion of the hearing, the corporate authorities, after consideration of the recommendation of the plan commission and such information as shall have been derived from the hearing, shall either adopt the comprehensive plan or amendment in whole or in part or reject the entire comprehensive plan or amendment."<sup>2</sup>

## **CONSULTANTS**

Consultants can be a valuable partner in preparing a comprehensive plan to bring specialized expertise and experience, process management skills and objective perspectives that municipal staff or officials may not have time or resources to provide. Consultants may assist by structuring the comprehensive plan process to ensure legal compliance and stakeholder and public engagement to ensure the final adopted plan is a reflection of the community's objectives. In addition, consultants will have technical expertise that may be useful: data collection and analysis, mapping and GIS services and conducting any special studies (for example, housing needs or transportation modeling) that may be useful. Consultants will also have information about best practices or case studies from other municipalities and can assist with drafting and compiling the final materials. Request for proposals (RFP) is a suggested course of action when conducting a search for a qualified consultant.

## **LIFE SPAN, COSTS AND TIMELINE**

The typical life span of a comprehensive plan ranges between 15 and 20 years, with costs ranging from \$25,000 to \$100,000 or more to develop, especially if using a consultant. These prices will vary depending on the municipality's size and input from the plan commission and community. A comprehensive plan could take 12 to 18 months or longer to develop and adopt.

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<sup>1</sup> [65 ILCS 5/11-12-7](#)

<sup>2</sup> *Id.*

## IMPACT FEES



### WHAT IS AN IMPACT FEE?

Impact fees are one-time fees imposed on new developments to help offset the costs of expanding public infrastructure to accommodate those developments. Both home rule and non-home rule municipalities may adopt ordinances requiring impact fees; however, home rule municipalities have broader authority to impose a wider range of fees.

To obtain approval for a development plan, developers often need to include provisions for public streets, alleys, public utilities, parks, playgrounds, school grounds and other public areas that are reasonably necessary for the municipality's organized growth. This requirement can be fulfilled by land donations or cash payments.

To calculate an impact fee, municipalities must be careful to estimate the actual costs of new infrastructure required to accommodate the growth of the new development. Municipalities base this estimate on a rational relationship between the fee and the improvements required using the "specifically and uniquely attributable test" employed by Illinois courts. These fees vary from one community to another, as the factors are often quite different.

### WHY ARE IMPACT FEES IMPORTANT?

Impact fees provide municipalities with the necessary funding to accommodate the cost of growth and to ensure that costs are covered by developers, rather than burdening current taxpayers. As communities grow, tax revenue alone may not immediately cover the added demand for public services, so impact fees help to bridge that funding gap.

### EXPRESS STATUTORY AUTHORITY

In Illinois, the Road Improvement Impact Fee Law explicitly grants local governments the authority to impose transportation impact fees on a new development.<sup>1</sup> The law expressly permits counties (with populations greater than 400,000) and all home rule municipalities to impose transportation impact fees. The law provides guidelines as to when impact fees may be imposed and the procedural, legislative and administrative framework that local governments must follow.

<sup>1</sup> 605 ILCS 5/5-901, et seq.



Additionally, the Illinois Municipal Code allows local governments to implement ordinances requiring impact fees for expenditures associated with the development of new “school grounds” necessitated as specifically and uniquely attributed to the new development in question. This may include amounts to pay for the costs of constructing a new school building or other infrastructure.<sup>2</sup>

## **STATUTORILY EXPRESSED AND IMPLIED AUTHORITY**

Non-home rule municipalities must derive their general authority from powers expressly granted by the state; however, due to certain “implied powers” including, those arising from powers expressly granted and those essential to give effect to powers expressly granted, non-home rule municipalities do have authority to provide for land use regulation, which may include the imposition of school and park fees or impact fees for offsite road improvements. Likewise, because non-home rule municipalities are authorized to operate and regulate water and sewer facilities, they may impose connection fees.<sup>3</sup>

Section 11-12-5<sup>4</sup> of the Illinois Municipal Code expressly authorizes a municipality to regulate subdivisions, including implementing a comprehensive plan by ordinances and enacting its power to implement impact fees. For more information about comprehensive plans, IML has a dedicated fact sheet ([available via this link](#)).

Section 11-12-6 dictates the manner in which a municipality must enact ordinances governing subdivision regulation. Municipalities “shall specifically state standard requirements of the municipality relating to size of streets, alleys, public way, parks, playgrounds, school sites, other public grounds and ways for public service facilities.”<sup>5</sup> The Illinois Supreme Court has held that subdivision regulation is a reasonable exercise of a municipality’s police power.

## **IML RESOURCES**

More information about impact fees and municipal zoning authority can be found in the *Zoning Handbook for Municipal Officials*, an IML publication available for free download on our website at [iml.org/zoning](http://iml.org/zoning).

**[iml.org/zoning](http://iml.org/zoning)**

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<sup>2</sup> 65 ILCS 5/11-12-5

<sup>3</sup> 65 ILCS 5/11-150-1

<sup>4</sup> 65 ILCS 11-12-5

<sup>5</sup> 65 ILCS 11-12-6

## PARKING REGULATIONS



In Illinois, the power of non-home rule municipalities to enact zoning laws stems from Section 11-13-1 of the Illinois Municipal Code, and home rule municipalities derive their authority from the general police power authority conferred by Article 7, Section 6(a) of the Illinois Constitution.

Parking standards are typically adopted as part of a zoning ordinance and function as a land use and development intensity control.

Parking regulations often establish minimum off-street spaces per dwelling unit, address congestion and traffic impacts and influence building footprint and open space on a lot.

Municipal parking ordinances must remain consistent with various regulations mandated by the state and federal government, such as the People Over Parking Act, the Electric Vehicle Charging Act and the Americans with Disabilities Act.

### PEOPLE OVER PARKING ACT

Public Act (P.A.) 104-0457, also known as The People Over Parking Act, will take effect June 1, 2026. This Act states a unit of local government may not impose or enforce any minimum automobile parking requirements on a development project if the project is located within one-half mile of a public transportation hub or one-eighth mile of a public transportation corridor.

- “Public transportation hub” means: a rail transit station, a boat or ferry terminal served by either a bus stop or rail transit station and an intersection of two or more bus routes with a combined frequency of bus service intervals of 15 minutes or less during the morning and afternoon peak commute periods.
- “Public transportation corridor” means a street on which one or more bus routes have a combined frequency of bus service intervals of 15 minutes or less during the morning and afternoon peak commute periods.

### EV CHARGING ACT

P.A. 103-0053, also known as the Electric Vehicle (EV) Charging Act, applies to newly constructed single-family homes and multifamily residential buildings with dedicated parking and requires the installation of EV-capable parking spaces. The EV Charging Act was later amended by P.A. 103-0572, providing additional clarification that the EV charging requirements set forth in the EV Charging Act apply to both newly constructed single-family homes and multifamily residential buildings that have parking spaces constructed after January 1, 2024.



Any new single-family residence or small multifamily residence must have at least one EV-capable parking space for every residential unit that has dedicated parking. A small multifamily residence is defined as a building that accommodates two to four families.

Additionally, building permits must require newly constructed large multifamily residential buildings and existing large family residential buildings that are being converted to an association, to have 100% of their total parking spaces EV-capable, unless they qualify as affordable housing developments. Affordable housing developments must meet scaled requirements, which begin taking effect January 1, 2026, and must be completed by January 1, 2034.

For more detailed information about EV charging requirements, the Illinois Municipal League has a fact sheet, *Electric Vehicle Charging Requirements for Residential Construction* ([available via this link](#)).

## **THE AMERICANS WITH DISABILITIES ACT**

The American with Disabilities Act (ADA) has requirements as well. State and local government facilities also have an ongoing ADA obligation to make their programs accessible, which can require providing accessible parking. In addition, businesses or privately owned facilities that provide goods or services to the public have a continuing ADA obligation to remove barriers to access in existing parking facilities when it is readily achievable to do so.

Such requirements include a minimum number of accessible parking spaces based on total capacity, including at least one van-accessible parking space for every six accessible spaces, and locations for shortest accessible routes.<sup>1</sup>

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<sup>1</sup>[ADA Compliance Brief: Restriping Parking Spaces | ADA.gov](#)





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