



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB4389

Introduced 1/14/2026, by Rep. Jed Davis

#### SYNOPSIS AS INTRODUCED:

New Act

Creates the Starter Home Incentive Zone Act. Provides that a municipality may establish a Starter Home Incentive Zone within a designated area if the municipality adopts any 3 of the following reforms within a designated zone: (1) reduced minimum lot sizes applicable to detached single-family homes; (2) reduced minimum dwelling size requirements permitting homes of 1,600 square feet or less; (3) fast-track permitting with a decision issued within 10 to 20 business days; (4) reduction, waiver, or cap of impact fees for detached single-family homes; or (5) reduced setback requirements. Provides that municipalities containing a Starter Home Incentive Zone shall receive specified benefits from the Department of Commerce and Economic Opportunity. Provides that municipalities containing a Starter Home Incentive Zone may receive specified benefits from the Department of Transportation. Provides that, on or before January 31 of each year, a SHIZ-certified municipality shall submit a report, not to exceed 2 pages, containing specified information for each Starter Home Incentive Zone within the municipality. Requires the Department to adopt rules necessary to implement the Act in accordance with the Illinois Administrative Procedure Act. Provides that the Department may not require any municipality to submit reports, data, analyses, or documentation beyond the annual compliance report, unless expressly authorized by the Act. Limits home rule powers. Effective immediately.

LRB104 16675 RTM 30079 b

1 AN ACT concerning local government.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Starter Home Incentive Zone Act.

6 Section 3. Legislative purpose. The purpose of this Act is  
7 to expand homeownership opportunities for Illinois families by  
8 encouraging municipalities to voluntarily adopt zoning reforms  
9 allowing construction of entry-level, detached single-family  
10 homes. Participation in this program is strictly voluntary,  
11 must preserve full local zoning authority, and must not  
12 authorize or require any municipality to allow multifamily  
13 housing. This Act promotes freedom, local control, and  
14 market-driven development without mandates.

15 Section 5. Applicability.

16 (a) This Act applies only to detached single-family homes.

17 (b) Nothing in this Act shall be construed to authorize,  
18 require, encourage, or permit any municipality to approve:

19 (1) multifamily housing;

20 (2) duplexes, triplexes, or fourplexes;

21 (3) townhomes or rowhomes;

22 (4) condominiums or cooperative housing; or

1           (5) any residential structure containing more than one  
2           dwelling unit.

3           Section 10. Definitions. As used in this Act:

4           "Department" means the Department of Commerce and Economic  
5           Opportunity.

6           "Designated zone" means the geographic area within a  
7           municipality where qualifying reforms apply.

8           "Qualifying reforms" means the reforms described in  
9           Section 15.

10          "Starter home" means a detached, single-family residence  
11          containing no more than 1,600 square feet of heated living  
12          space.

13          "Starter Home Incentive Zone" or "SHIZ" means an area  
14          certified by the Department under this Act.

15          "SHIZ-certified municipality" means a municipality  
16          containing at least one SHIZ certified by the Department.

17          Section 15. Qualifying reforms.

18          (a) A municipality may establish a Starter Home Incentive  
19          Zone within a designated area if the municipality adopts any 3  
20          of the following reforms within a designated zone:

21                 (1) reduced minimum lot sizes applicable to detached  
22                 single-family homes;

23                 (2) reduced minimum dwelling size requirements  
24                 permitting homes of 1,600 square feet or less;

1 (3) fast-track permitting with a decision issued  
2 within 10 to 20 business days;

3 (4) reduction, waiver, or cap of impact fees for  
4 detached single-family homes; or

5 (5) reduced setback requirements.

6 (b) A municipality may, but is not required to, adopt more  
7 than 3 of the reforms listed in subsection (a).

8 Section 20. Incentives for municipalities.

9 (a) A SHIZ-certified municipality shall receive the  
10 following priority access benefits from the Department:

11 (1) The Department shall review grant applications  
12 submitted by SHIZ-certified municipalities before  
13 reviewing applications submitted by other municipalities.

14 (2) SHIZ-certified municipalities shall receive not  
15 less than a 10% scoring preference during competitive  
16 grant evaluations administered by the Department.

17 (3) If there is a scoring tie between applicants  
18 during competitive grant evaluations administered by the  
19 Department, then a SHIZ-certified municipality shall be  
20 awarded the higher ranking.

21 (b) The priority access provisions in subsection (a) apply  
22 to the following programs administered by the Department of  
23 Commerce and Economic Opportunity, including successor or  
24 substantially similar programs:

25 (1) the Local Public Infrastructure Grants Program;

1           (2) any Community Development Block Grant local  
2           improvement programs;

3           (3) the Rebuild Illinois Economic Development Program;

4           (4) the Broadband Expansion Grant Program;

5           (5) the Water and Sewer Infrastructure Grants Program;

6           (6) any Public Infrastructure and Capital Development  
7           Programs; and

8           (7) any successor program that provides grants for  
9           local infrastructure, economic development, community  
10          improvement, water, sewer, broadband, or capital  
11          improvements.

12          (c) SHIZ-certified municipalities shall receive a 25%  
13          reduction in required local match contributions for programs  
14          listed in subsection (b), where consistent with the  
15          authorizing statutes and federal program requirements.

16          (d) The Department shall provide SHIZ-certified  
17          municipalities with a State-issued program emblem and shall  
18          include all certified municipalities on the Department's  
19          publicly available statewide list of Starter Home Incentive  
20          Zones.

21          (e) The Illinois Department of Transportation may give  
22          favorable consideration to SHIZ-certified municipalities when  
23          evaluating applications for:

24                 (1) local highway safety improvement grants;

25                 (2) local capacity improvement or congestion  
26          mitigation projects;

1 (3) traffic signal modernization or roadway  
2 enhancement grants; and

3 (4) any successor local transportation improvement  
4 program.

5 This subsection does not impose a mandate on the  
6 Department of Transportation.

7 Section 25. Certification process.

8 (a) A municipality seeking to establish a Starter Home  
9 Incentive Zone shall:

10 (1) adopt a municipal ordinance establishing a  
11 designated zone;

12 (2) identify which qualifying reforms under Section 15  
13 have been implemented within the designated zone; and

14 (3) submit a compliance statement and a map of the  
15 designated zone to the Department in a form prescribed by  
16 the Department.

17 (b) Upon determining that the municipality has satisfied  
18 the requirements of subsection (a), the Department shall issue  
19 written certification and include the SHIZ on the statewide  
20 list of Starter Home Incentive Zones.

21 Section 30. Annual reporting.

22 (a) On or before January 31 of each year, a SHIZ-certified  
23 municipality shall submit a report, not to exceed 2 pages, for  
24 each Starter Home Incentive Zone within the municipality. The

1 report shall:

2 (1) confirm that the qualifying reforms the  
3 municipality adopted to establish the Starter Home  
4 Incentive Zone remain active and in effect;

5 (2) confirm that the qualifying reforms the  
6 municipality adopted to establish the Starter Home  
7 Incentive Zone are enforced within the designated zone;  
8 and

9 (3) inform the Department of any updates to the  
10 boundaries of the designated zone.

11 (b) Failure to submit the annual report may result in  
12 suspension of program benefits until the municipality returns  
13 to compliance.

14 Section 35. Rulemaking. The Department shall adopt rules  
15 necessary to implement this Act in accordance with the  
16 Illinois Administrative Procedure Act.

17 Section 40. State zoning limitation. Nothing in this Act  
18 shall be construed to authorize the State, the Department, or  
19 any other State agency to impose zoning requirements, land-use  
20 mandates, density requirements, or zoning modifications on any  
21 municipality. All zoning authority remains fully and  
22 exclusively local.

23 Section 45. Limitation on reporting requirements. The

1 Department may not require any municipality to submit reports,  
2 data, analyses, or documentation beyond the annual compliance  
3 report described in Section 30, unless expressly authorized by  
4 this Act.

5 Section 50. Protection of builder freedom. Nothing in this  
6 Act shall be construed to require any builder, developer,  
7 contractor, or private party to construct a starter home or to  
8 participate in a Starter Home Incentive Zone. Participation in  
9 this program is voluntary for both municipalities and private  
10 parties.

11 Section 55. Home rule. A home rule unit may not regulate  
12 starter homes in a manner inconsistent with the regulation by  
13 the State of starter homes under this Act. This Section is a  
14 limitation under subsection (i) of Section 6 of Article VII of  
15 the Illinois Constitution on the concurrent exercise by home  
16 rule units of powers and functions exercised by the State.

17 Section 97. Severability. The provisions of this Act are  
18 severable under Section 1.31 of the Statute on Statutes.

19 Section 99. Effective date. This Act takes effect upon  
20 becoming law.