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Chicago Sold These Lots to Investors for \$1. Now 115 Middle-Class Owners Stand To Benefit

BY ALLAIRE CONTE

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Jose M. Osorio/Chicago Tribune/Tribune News Service via Getty Images

hen it comes to addressing missing middle housing, few ideas have generated as

W much buzz or excitement among planning departments as infill development. The approach is often framed as a way to strengthen community connectivity by turning underused lots or buildings into much-needed homes.

But many cities have found it's easier said than done. For one, infill can trigger community pushback. New development (of any sort) is often viewed as a disruption to a neighborhood's existing character and rhythms. For another, the underlying economics can be tough: land in built-out areas is often more expensive than sites on the urban fringe.

But one city has found a way around this. Through its Missing Middle Infill Housing Initiative, Chicago is auctioning vacant city-owned lots—clustered across McKinley Park, West Garfield Park, and East Garfield Park—to qualified developers for as little as \$1.



<p>\$610,000</p> <p>2 Bed 2.5 Bath 1,800 Sqft</p> <p>130 S Canal St Apt 9F Chicago, IL 60606</p> <p>View</p>	<p>\$360,000</p> <p>2 Bed 2 Bath</p> <p>235 W Van Buren St Unit 1... Chicago, IL 60607</p> <p>View</p>	<p>\$282,000</p> <p>1 Bed 1 Bath 675 Sqft</p> <p>235 W Van Buren St Unit 2... Chicago, IL 60607</p> <p>View</p>
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The lots will support new two- to six-unit buildings aimed at owner-occupants, with the goal of rebuilding neighborhood density, boosting homeownership, and helping these communities grow.

First set of homes

Construction on the first set of homes, a series of two-flats in North Lawndale, began work the first week of the year. Eventually, the project is expected to bring 115 units to market—a meaningful number for an area where only 55% of units are considered affordable, according to research from the Institute for Housing Studies at DePaul University.

And to ensure that the units remain affordable, the city not only sold the lots for just \$1, but is also offering \$50,000 to \$150,000 in public financing per housing unit, funded through the City's Housing and Economic Development (HED) bond.



Grant disbursement is tied to progress, too. Developers can receive up to 50% reimbursement after completing half of their assigned cluster, 90% upon Certificate of Occupancy, and 100% after full project completion.

Once the units are complete, the city is guaranteeing affordability by setting a maximum sale price pegged to 140% of area median income (AMI). That means that a two-bedroom unit may sell for up to \$403,201, while a three-bedroom unit may sell for up to \$447,957, according to the program's [Request for Applications](#) from developers.

“As we continue to confront the housing crisis head-on, initiatives like Missing Middle address the critical disparities that exist in access to homeownership,” Chicago Mayor **Brandon Johnson** said at the [groundbreaking](#). “With each project, we demonstrate what’s possible when government and community come together to lay the foundation for a more equitable and thriving city.”

Four more projects will break ground this year, bringing another 40 multiunit

buildings to market.

Community investment context

What's interesting about Chicago's initiative is that it's not just centered on boosting homeownership. It's part of a broader effort to revitalize neighborhoods that have seen an exodus of residents.

Since 2000, more than a quarter-million Black residents have left Chicago, leaving behind entire blocks punctuated by vacant lots. As of spring 2025, the city owns more than 7,000 residential parcels, many clustered in neighborhoods where the population has dropped to less than half of what it was in 1960.

North Lawndale, where the first phase of construction just broke ground, offers a telling example. The neighborhood's population fell by 15% between 2010 and 2022. Its median household income—just \$33,608—is less than half the citywide average. In areas like these, revitalization requires more than new housing, it demands an infusion of long-term investment and residents with a stake in the neighborhood's future.

But that's been a challenge in the city's shifting landscape of affordability. The city as a whole has seen a sharp shift in the type and location of new housing being built. Between 2012 and 2023, Chicago lost nearly 28,000 rental units in two- to four-unit buildings—the very structures that have historically served as affordable, entry-level housing, according to DePaul University's Institute for Housing Studies.

At the same time, it gained more than 73,000 units in larger multifamily buildings. But nearly 78% of those new units were built in higher-cost neighborhoods, where prices are often out of reach for moderate-income residents.

But that's starting to change with targeted investments. East and West Garfield Park—two neighborhoods in the current phase of the Missing Middle Initiative—have already seen significant public investment aimed at reversing the imbalance of rising vacancy in some areas against concentrated luxury growth in others.

Over the past five years, the Department of Planning and Development (DPD) and the Department of Housing (DOH) have awarded \$37.3 million in economic development grants and \$121.7 million in affordable housing assistance in East Garfield Park, and \$23.6 million in economic development grants and \$53.8 million in affordable housing in West Garfield Park.

In McKinley Park, development has taken a different shape, driven by mixed-use and industrial investment. The neighborhood has seen over \$350 million in current and planned development, including a \$180 million adaptive reuse project at Pershing Terminal.

DPD has awarded \$31 million in grants to support that project and provided an additional \$600,000 through its Small Business Improvement Fund. Priorities here include converting old industrial spaces into housing and retail, revitalizing neighborhood commercial corridors, and advancing equitable transit-oriented development while maintaining affordability.

What comes next

For a city that still carries the visible scars of disinvestment, Chicago's bet is that the fastest way to rebuild a neighborhood is to rebuild the ownership base. Not by waiting for luxury demand to filter outward, but by converting publicly held land into attainable, for-sale housing that's explicitly designed for working families and moderate-income buyers.

Whether the Missing Middle Initiative ultimately becomes a model will hinge on execution. But in a housing market where the starter-home rung is disappearing,

Chicago is at least making a clear, measurable claim: that a \$1 lot—paired with public financing and permanent resale limits—can translate into hundreds of attainable units.

If those 115 homes in North Lawndale fill quickly and hold their affordability over time, the city will have a template for turning vacancy into equity and proving that “missing middle” can be more than a planning buzzword.

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Allaire Conte is a senior advice writer covering real estate and personal finance trends. She

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