

ADU Repair Grant Program Webinar

December 2, 2021



AGENDA

- I. Background on the ADU Ordinance
- II. Building Wealth
- III. Working with An Architect
- IV. Building Your ADU: Working with Contractors
- V. Grant Opportunity
- VI. Additional Funding: Home Improvement Loans

CITY OF CHICAGO

ADDITIONAL DWELLING UNIT ORDINANCE

- Additional Dwelling Units (ADUs) were common in Chicago throughout the first half of the 20th century
- Construction was prohibited starting in 1957 due to changes in the zoning ordinance that added parking requirements and banned secondary residential structures on Chicago lots.
- New ordinance was approved by City Council in December 2020
- Allows ADUs to be constructed on properties that have existing, legal residential units (*geographic restrictions apply*)
- Goal is to create more access to more housing in various neighborhoods



Daniel Hertz, Policy Director
City of Chicago

ADU AKA...

...coach houses, backyard houses and in-law apartments



FIVE PILOT AREAS

North Zone, covering portions of the Edgewater, Lake View, Lincoln Square, North Center, Uptown and West Ridge community areas

Northwest Zone, covering portions of the Albany Park, Avondale, East Garfield Park, Hermosa, Irving Park, Logan Square, Near West Side and West Town community areas

West Zone, covering portions of the East Garfield Park, North Lawndale, South Lawndale and West Garfield Park community areas

South Zone, covering portions of the Ashburn, Auburn Gresham, Chatham, Chicago Lawn, Englewood, Greater Grand Crossing, Roseland, Washington Heights, Washington Park, West Englewood, West Lawn and Woodlawn community areas

Southeast Zone, covering portions of the East Side, Hegewisch, South Chicago and South Deering community areas

ORDINANCE REQUIREMENTS

| Description | Ordinance Requirements Highlights |
|----------------------|---|
| Homeowner | No income or residency limits |
| Building | Must be a residential building and at least 20 years old For properties with 1 to 4 units, the property owner can add <u>one</u> coach house unit to any property, or <u>one</u> conversion unit |
| Coach Houses | New coach houses cannot fall outside of ADU Allowed zoned areas. |
| Rental Affordability | Affordability requirements apply to conversion of 2 or more units ONLY. For instance, if more than 2 conversion units are added, then 50% of units must remain affordable. Affordability must be maintained for 30 years Grant program applies to a conversion of ONE unit. So, no affordability requirements. |
| Construction | Architectural Drawings and Building Permit REQUIRED |

BUILDING

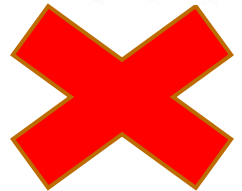


Danielle Matthews, Associate Director,
Homeownership
NHS Chicago

WHY ADD AN ADU?



- To create separate living space for adult family members (e.g. grandparents, in-laws, adult children)
- To generate additional income to help with your mortgage, property taxes, home maintenance costs, etc.
- To simply generate extra income from rent for other uses
- Because You're Mission-Driven: To help create more affordable housing in Chicago
- To create my "She-Shed," "Man Cave" or discrete work-from-home space
- To promote as a short-term lease or vacation rental, such as on Airbnb



PREPARING TO BECOME A LANDLORD

REMEMBER: You are the CEO of your own business.

- ✓ **Get your personal finances in order first**
- ✓ **Define your financial goals**
- ✓ **Understand your current and future expenses**
 - Are your housing costs as low as they can be right now?
 - What costs will increase (e.g. utilities, property taxes, wear-n-tear repairs, insurance, etc.) and by how much?
 - New Costs: Tenant screening, Marketing, Turning over the unit between rentals, etc.
 - If renting your unit, how much will you have to charge to recoup these expenses and make a profit?
- ✓ **Protect yourself and your asset**
 - Screen your tenants
 - Generate some version of a formal lease
 - Ask your tenant to carry Renter's Insurance
 - Keep good records

RESOURCES

✓ **Housing Counseling**

NHS Chicago – <https://www.nhschicago.org>

Email: homeownership@nhschicago.org | Client Services 773.329.4111

✓ **Tenant Screening**

Smart Move - <https://www.mysmartmove.com/>

eRenter - <https://www.e-renter.com/>

Verifirst - <https://www.verifirst.com/tenant-screening>

✓ **IL Lease Agreement**

eForms - <https://eforms.com/rental/il/illinois-chicago-only-residential-lease-agreement-template/>

DOMU - <https://www.domu.com/landlord-resources/apartment-lease-forms/chicago-apartment-lease>

✓ **Property Management Training**

Community Investment Corporation (CIC) - <https://www.cicchicago.com/programs/property-management-training/>

✓ **Mediation/Conflict Resolution**

Center for Conflict Resolution - <https://www.ccrchicago.org/about-mediation>

✓ **Better Basement Units Manual**

<http://basementunits.nhschicago.org/>

ADDITIONAL DWELLING UNITS: WORKING WITH AN ARCHITECT

Introduction:

Ravi Ricker, AIA

Wrap Architecture

Emails: Ravi@WrapArchitecture.com



before



after

THE IMPORTANCE OF ADAPTIVE REUSE TODAY: - ADDITIONAL DWELLING UNITS (ADU)

- The EPA estimates that 145 million tons of construction and demolition debris was sent to landfill in the U.S. in 2018.
- ADUs extend the life and use of our existing building stock and reduce landfill from teardown and rebuild development.

*“Start where you are. Use what you have.
Do what you can.”*

- Arthur Ashe



WHY DO I NEED AN ARCHITECT?

- **Protect the health, safety, and welfare of the public.**
- **Add value in every stage from planning thru construction.**
- **Specialized knowledge and professional relationships.**
- **Identify the team of experts your project needs and help manage them through the steps of the design and construction process.**

STEPS IN THE DESIGN PROCESS:

- **Feasibility Study / Pre-Design:** Can you do what you want?
- **Schematic Design:** Investigating and selecting from options.
- **Engineering (Design Development):** Making it real.
- **Bidding, Permit and Construction Documents:**
Pricing and approval.
- **Construction Administration:** Seeing it built.

FEASIBILITY STUDY

How an Architect can help set expectations and identify the path to reaching your goals

- **Defining your goals:** What you CAN do vs. everything you WANT to do
- **First Steps - Feasibility Study: Code Analysis**
 - * research Zoning Code as it relates to your specific project
 - * research Building Code as it relates to your specific project
 - * ADU - Pilot Program, are you in a current pilot program area?
- **Layout the process ahead of you:**
 - * helps you define and communicate your goals effectively
 - * makes clear the steps needed to achieve your goals

WHAT TO EXPECT

Some of the bigger **HIDDEN** items

Keeping the new basement space warm and dry:

- Insulate the perimeter walls
- Perimeter Drain Tile System with a sump pit and pump

Adding basement plumbing:

New Water Service

- No more lead pipes from the City
- The City may require a booster pump

New Sewer Lines

- Consider an overhead sewer to prevent backups.
- Ejector Pit

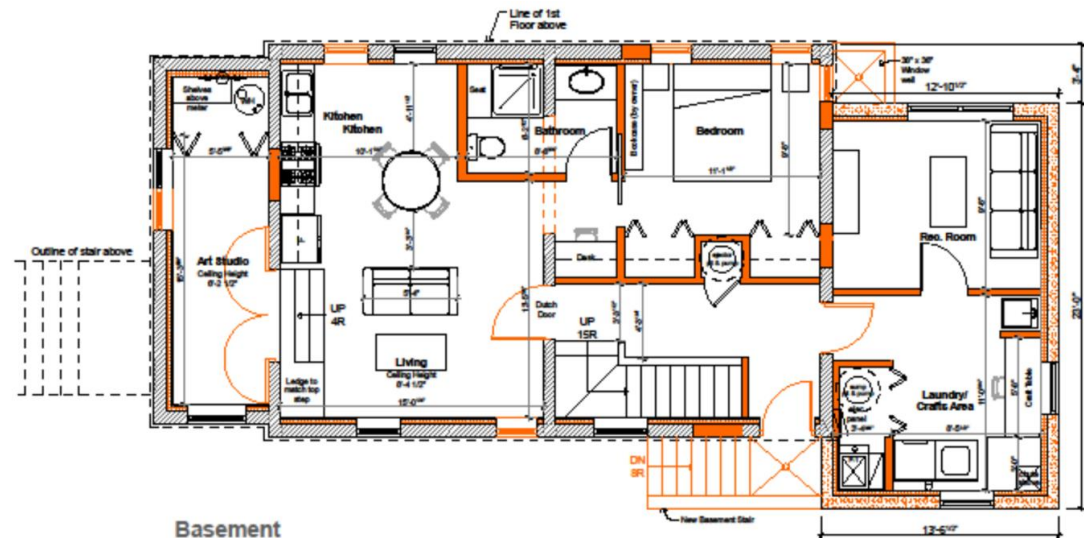
Properly sizing systems:

- Heating and Cooling
- Electrical

SCHEMATIC DESIGN

SHARE YOUR GOALS, NOT SOLUTIONS - ARCHITECTS GENERATE SPATIAL DIAGRAMS

These drawings are elaborate diagrams reflecting the ideal relationships between the spaces and may identify specific prominent items. But are still just a rough idea. They are not yet detailed enough to be built from.



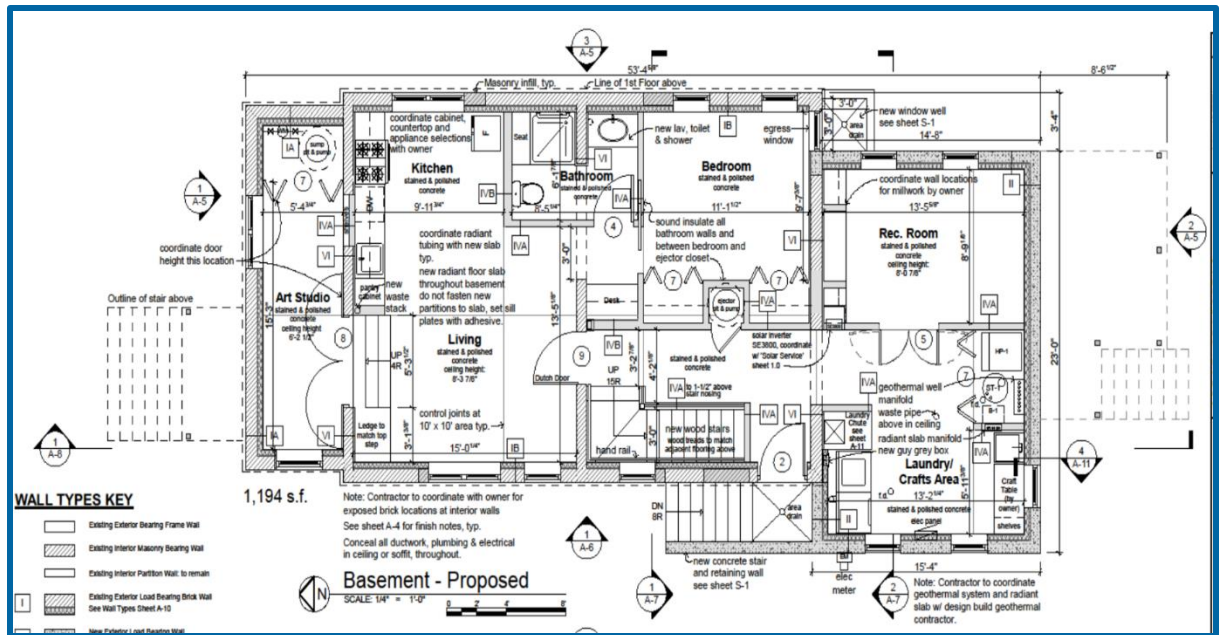
ENGINEERING / DESIGN DEVELOPMENT

Once the plan is set, the Architect works with Engineers to make the project real. For example, in stead of just saying New Furnace, Heat Loss calculations are performed to properly size and identify a specific furnace. Or instead of Saying add a new stair here the structural framing needed for the floor opening is identified.



BIDDING/PERMIT AND CONSTRUCTION DOCUMENTS

Construction Documents are detailed Drawings that describe the full scope of the construction work, so a contractor can price it, and build it, and local officials can review that the work will meet Zoning and Building Codes.



ESTIMATED PROJECT TIMELINE

Start early proper planning takes time!

DESIGN TIME

(4 – 6 weeks depending on client feedback time)

- Get a survey. - Draw the existing building. - Develop options to review.
- Modify those options based on your feedback.

ENGINEERING TIME:

(4 – 6 weeks depending on engineers' schedules)

- Review the goals with engineers and make all the calculations.
- Once this process begins, significant client changes may result in delay and/or added design fees.

BIDDING AND PERMIT TIME:

Standard Plan Review (up to 3 months).

- Bidding can occur simultaneously.

CONSTRUCTION TIME:

(3 – 9 months)

- Depends on project complexity and contractor's schedule.

Balance:
Competing pressures



Time

Quality



Cost



ADU REPAIR GRANTS

Planning &
Construction



GRANT ELIGIBILITY REQUIREMENTS

| Description | Requirements Highlights |
|---------------------------|--|
| Homeowner | Owner-Occupied Up to 140% AMI |
| Geographic Area Location | Located in the zones as outlined by ADU Ordinance |
| Building | Must be a residential building and be at least 20 years old Only 1 conversion unit allowed on 1-4 unit properties and with this grant opportunity |
| Coach Houses | New coach houses cannot be zoned outside of ADU Allowed areas. |
| Building Consult (by NHS) | Required for each unit converted |
| Planning Grant | Up to \$10,000 Drawings must be done within one year of grant approval Architect must be an Illinois licensed (active) architect |
| Filing Requirements | File plans with Department of Buildings for permit |

GRANT ELIGIBILITY REQUIREMENTS

| Description | Requirements Highlights |
|---|---|
| Construction Grant | <p>Up to a \$75,000, 5-year forgivable loan</p> <p>Filing requirements must be met to receive permit</p> |
| NHS Construction Services | <p>Must do walkthrough and review plans</p> <p>Architectural drawings and SOW review, if bringing existing space up to code</p> <p>Will assist client in hiring contractor; 3 bid requirement if client has no general contractor</p> <p>If client has secured contractor, then contractor must meet minimum requirements</p> |
| Other Requirements | <p>Project must be complete in one-year</p> <p>Use of funds is limited to 20% of grant for health and safety repairs.</p> |
| Grace Period for Non-Compliant Existing Units | <p>1 -year to bring non-compliant units up to code</p> <p>No fines for being out of compliance during pilot program period</p> |

GRANT REIMBURSABLE EXPENSES

| Planning Grant | Construction Grant | Other Fees |
|---|--|--|
| Costs up to \$10,000 | Costs up to \$75,000 | Application fee: \$20 |
| ADU Workshop (2-hours) Certification required – hopefully prior to 1 st payout, but def. by last payout. | Max time period to file recorded notice and for permit to move forward – up to 18 months after ADU plans are filed | Survey Fee: \$500 |
| Must include interior build out plans. (Rehab Projects - 3 tiered plans including preliminary pricing, 1) existing, 2) demo, and 3) proposed floor plans; New Projects - proposed floor plans any site demo plans) | Construction Management Services | DOB Permit: \$300 Varies by project |
| Construction Services <ul style="list-style-type: none"> ▪ Building consult ▪ Review plans for completeness | Energy Efficiency Assessment | |
| Architect/Client must file plans with City for final payout within 1-year; Plans must be labeled ADU | | |

PAYMENT SCHEDULES

ARCHITECT

30% upon receipt of signed proposal

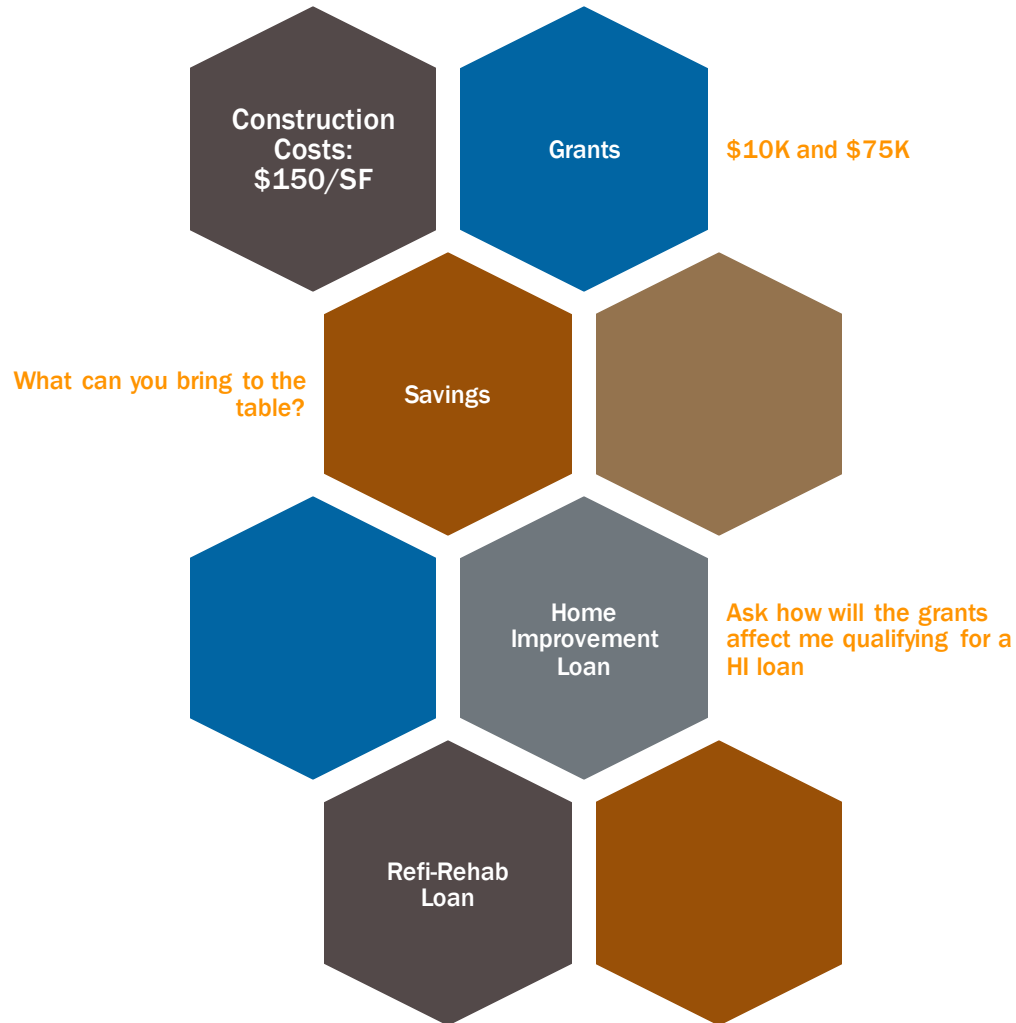
30% upon receipt of 95% client approved permit set of drawings

40% upon receipt of proof that 100% Permit/Bid Set has been filed with the City of Chicago DOB

GENERAL CONTRACTOR

Progress disbursements based on receipt of sworn statements and payout inspections

ADDITIONAL FUNDING SOURCES



HOW TO APPLY

<https://www.nhschicago.org/fix/grant-programs/adurepairs>





QUESTIONS?

[ADUREpairs](https://www.adurepairs.org)
[@nhschicago.org](https://www.adurepairs.org)

Client Services
773.329.4111