

ADU Grant Program Frequently Asked Questions

NHS offers additional dwelling unit (ADU) grant programs for homeowners to design and build new units, convert unfinished and finished spaces, or repair existing units to comply with city codes.

What are additional dwelling units (ADUs)?

An ADU is any small dwelling unit —with its own bathroom and kitchen — that is built upon the same site as a primary residential building. These units are usually rented out to tenants. You may have also heard them referred to as mother-in-law apartments, in-law suites, guest houses, or granny flats. These spaces include units in attics, basements, rear additions, and backyard buildings (coach houses). These units are intended to host a single household.

ADUs can be constructed on properties that have existing, legal residential units. The Chicago ordinance makes a distinction between **coach houses**, which are new units created in detached buildings in the backyard, and **conversion units**, which are new units constructed in an existing principal residential building that is at least 20 years old, typically in attic or basement spaces.

Please refer to our manual for *Building Better Basements* at:
<http://basementunits.nhschicago.org/>

Why did the City of Chicago approve the building of additional dwelling units (ADUs)?

The ADU ordinance passed by the Chicago city council in December 2020 reversed a 1957 zoning ordinance which prohibited the construction of secondary residential units (ADUs) on Chicago lots. The ordinance now allows for the creation of new ADU units for homeowners needing extra income or those who wish to create separate spaces for multi-generational families. The ordinance and grant program also provides a path for legalization of units that were previously built without zoning approval and building permits.

Why would I create an ADU?

As a homeowner, there are space and financial reasons to consider converting a space in your home such as creating more space for multi-generational families, earning rental income to lower your overall housing costs, generating incremental income, adding overall value and equity to your home, taking care of key deferred health and safety repairs, and avoiding future fines/costs for existing non-compliant units. Consider carefully both the benefits and drawbacks of adding an ADU to your home. If you decide to move forward with your ADU project, the City of Chicago and NHS are here with the resources to assist you in making your project into a small home.

How many ADUs can I create on my property?

This ADU Repair Grant program only allows for **ONE** ADU to be built on your residential property.

Do I need to create extra parking for my ADU tenant?

No additional parking is required for newly created ADUs.

How much rent can I charge for my ADU?

You can charge as much as the market can bear. There are **no** affordability requirements (e.g. 60 percent AMI for a required number of years) with respect to how much rent you can charge for your ADU being designed and built as part of this program. Given that, an ADU is a great opportunity to provide more affordable housing in your neighborhoods for your tenants and new neighbors.

Can I use my ADU unit as a vacation rental?

ADUs are not to be used as short-term leases or vacation rentals, such as Airbnb.

How will my property taxes be affected by adding an ADU to my home?

Your property tax assessment may be affected. Please reach out to Cook County Treasurer's Office to discuss the effect an ADU may have on your property tax bill and to also make sure you have taken advantage of all the money-saving exemptions to which you may be entitled.

To review your current property tax overview go to:

<https://www.cookcountytreasurer.com/setsearchparameters.aspx> where you can search by either your property index number (PIN) or by your property tax address.

Contact information:

Cook County Treasurer's Office
118 North Clark Street, Room 112
Chicago, Illinois 60602
(312) 443-5100

What is the difference between a planning grant and a construction grant?

The **ADU planning grant** subsidizes working with an architect or structural engineer to draw up design plans for your ADU. The maximum planning grant is \$10,000. This grant does not have to be repaid if you sell your house at any point in time. Your plans must be filed by your architect or structural engineer for permit within one year after you are approved for a planning grant. You must have a recorded notice with Cook County Recorder of Deeds to obtain building permit and to move forward to the construction phase.

The **ADU construction grant** subsidizes the building of your ADU unit. The maximum construction grant is \$75,000 and works as a five-year forgivable loan meaning 20% of the value of your loan will be forgiven each year over five years. If you already have a permit from the City of Chicago Department of Buildings, then you may apply for a construction grant. If approved, your project must be completed within one year.

What is the difference between an architect and a structural engineer?

Architects and structural engineers both design building projects. Architects more focus on the visual appearance of your space as well as ensuring that their designs are compliant with various codes and laws. Structural engineers more focus on strength, durability and construction materials when designing a building. You may work with either, as long as they have an active IL license, to design your ADU project.