Basement Unit & ADU Policy Considerations

Basement units are a subtype of Accessory Dwelling Units (ADUs) that represent an important source of naturally occurring affordable housing.

Some 2-4s and multifamily buildings have nonconforming basement units, and many others could accommodate a small basement apartment. Improving the ability of owners to add basement units would help add to the City’s naturally occurring affordable stock, while also stabilizing low- and moderate income owner-occupants.

Making it easier to add or improve basement units could:

- Discourage the deconversion of 2-flats into single family homes;
- Add to the City’s stock of naturally occurring affordable rental housing, since basement units typically have much lower rents than above-ground units; and
- Help stabilize low- and moderate income owner-occupants by providing an additional source of income.

Overall recommendations:

1. Affordability and avoiding displacement of existing tenants are important components of a successful ADU program. More work is needed to identify effective policies, programs and vehicles for affordability.
2. Clear information will be key to a successful program, including about the city process, building code, good candidate properties, and best practices to make units affordable, healthy, and safe.
3. Chicago’s two-flat stock should be celebrated, especially since it is a unique resource for affordable family housing.
4. Recognizing that basement units currently exist, we need to explore strategies to ensure that existing units are safe and healthy without increasing rents and displacing tenants.

Single Family Recommendations:

1. 2-4s owner-occupants may struggle if the administrative process for adding or legalizing a unit is complex.
   a. The City process to improve or add an ADU should be simple, clear, and streamlined.
   b. Absent financial assistance, owners should not be expected to meet formal affordability requirements.
2. Many owners need financial assistance to improve the health and safety of existing basement units.
   a. Affordability requirements are reasonable if financial assistance is provided (assistance might include low-cost loans or grants).
b. Affordability requirements could help reduce property taxes for participating owners. The Cook County Assessor’s Office generally agrees that long term affordability restrictions will result in lower assessed values.

c. An assistance program could build off of existing or proposed loan and grant programs. The 606 Bloomingdale Trail Grant is an example.

Multifamily Recommendations:

1. We need more information to understand if owners of multifamily buildings are interested in adding basement unit(s) to their existing properties.
   a. Owners may need outreach and additional information.

2. It is unclear if nonconforming basement units in multifamily buildings are an issue, although it seems like there may be fewer nonconforming basement units in these buildings than in 2-4s.