



Chicago's Multifamily Rehab Lender

Understanding ADUs for Multifamily
February 16, 2022



Community Investment Corporation

Chicago's Multifamily Rehab Lender

- Founded 1974, not-for-profit 501(c)3

Mission: To be a leading force in affordable housing and neighborhood revitalization through innovative financing, programs, and policy leadership



- Preservation of rental housing is the core business of CIC

ADU Financing Options

- CIC Multifamily Rehab Loan
 - Can finance up to 80% of total costs (more if energy efficient)
 - Need fully bid project and plans to consider a rehab loan
 - Minimum 5+ residential units (at project end)
- Other Products
 - Woodlawn Multifamily Rental
 - TIF Purchase-Rehab
 - 1-4 Rental Portfolios



Case Study: Legalizing Existing Units

- North Austin 6-flat w/ 2 additional non-conforming units
- Applied for zoning change & parking variance in 2018
- Water service upgrade waived
- Final permit sign off expected soon
- Value = \$480k > \$480k / Loan = \$384k. Costs:

Zoning Costs	15,000
Architect fees paid	5,000
Permit Fees paid	2,400
Window Replacement	13,600
Electric / Plumbing	19,000
Compliance/Legalization Costs	55,000

Legalizing Existing Units Pt. 2

- If performed under ADU ordinance:
- Conversion cost reduced from \$55k to \$40k due to waived zoning requirement (\$20k / unit);
 - Rents of 1 of the 2 ADUs restricted to 60% AMI; and
 - In this case, the owner would have been in compliance at current rent levels:

	Max Rent (ADU ord.)	Actual Rent
1br	\$1,007	\$745
2Br	\$1,206	\$845

Case Study: New ADU in Stable Bldg

- 4-Units above grade units / Humboldt Park / Vacant basement
- Classified/zoned as 5 units
- Value = \$390k > \$460k / Loan = \$250k
- Cost to add one basement unit:

Architect/Permit	5,000.00
Demo	1,800.00
Windows	4,250.00
Electric	24,520.00
Drywall	10,180.00
HVAC	7,500.00
Plumbing	6,900.00
Cabinets/Doors/Flooring	13,040.00
Total - ADU Costs	73,190.00



New ADU in Stable Bldg pt. 2

- Projected \$1,050 rent/mo.
- IF performed under ADU Ordinance: No change:
 - No affordability requirement for 1 add'l unit
 - No zoning variance or increase b/c already classified/zoned as 5-unit building



Alternative Scenario: Full Gut

- Add basement units to a gut rehabilitation
- Most cost effective option b/c:
 - Marginal increase to Architect / Permit Costs
 - Reduced contractor costs due to scale
- Questions to consider:
 - Is it in an ADU pilot zone?
 - If not, zoning change needed / parking added
 - What are market rents vs. 60% AMI rents?
 - Does this warrant water or electric service increase?
 - Ceiling height and openings suitable for tenants?



Q&A

Multifamily ADU Webinar
February 16, 2022

