



**2020
RESIDENTIAL CONVERSION GRANT
PROGRAM GUIDELINES**

Program Description

The Residential Conversion Grant Program assists property owners with the conversion of lawful non-conforming multi-family housing back to the original conforming residential use, **located within the Central Area TIF District. See attached map.** This program is available to private individuals, corporations, and not-for-profit organizations. Both non-owner occupied and owner occupied properties are eligible for this funding.

The program is designed to compensate property owners for construction expenses related to the conversion and for the loss of rental income. Participating property owners can receive a grant of \$25,000 for a two-unit building and \$30,000 per unit removed for buildings with three or more units. An additional \$3,000 per dwelling unit removed is available for properties located within U.S. Census Tracts 8546 and 8514.

Grant funds are distributed to the property owner upon final completion of the conversion. A final inspection must be successfully completed prior to the payout of grant funds.

Start-up Funds

If requested, up to \$10,000 in start-up funds (per unit converted) may be provided to eligible participants prior to starting the conversion. These funds are to pay for materials and/or secure a contractor for the conversion work. The applicant must submit a written formal request to the Director of the Community Development Department, or designee, justifying the need for such funds and the amount of funds required. This request must accompany the grant application.

If start-up funds are approved and provided to the property owner, a lien in the amount equal to those funds will be filed and recorded against the property as security for the completion of the conversion project. The City releases the lien upon satisfactory completion of the conversion. The amount of start-up funds can be adjusted at the discretion of the Director of the Community Development Department depending on the size of the project and extenuating circumstances but will not exceed 40% of the total grant award

Property Eligibility*

Properties eligible for participation in the Residential Conversion Grant Program are limited to:

- Properties that are multi-family “non-conforming uses” as defined in Elgin Municipal Code Section 19.90.015, as amended;
- Properties located in a residential zoned district;
- Properties located within the Central Area TIF district;
- Properties currently registered/licensed by the City of Elgin;

- Properties that will be converted to their original, conforming residential use; and
- Properties not located in a floodplain.

*Please see program Terms and Conditions on pg. 4.

Participant Qualifications

Eligible program participants include owners of record, mortgagees, or owners with a beneficial interest in a trust. Owners participating in the program shall abide by the requirements of the Residential Conversion Grant Program including the commitment to convert multi-family units and conform to local building codes.

To be eligible for the program, participants are required to provide the following documents at the time of application:

- A complete Residential Conversion Grant Program application;
- Proof of ownership: Warranty Deed, mortgage statement or title insurance document;
- Copy of the most recent property tax statement;
- Copy of the current homeowner's insurance statement; and
- Copy of the current rental registration license.

Application Process

Grant applications can be obtained from the City of Elgin's Community Development Department at 150 Dexter Ct., Elgin, Illinois, 60120 or by contacting the Program Manager at (847) 931-5920 to have an application mailed to you. **To participate in the 2020 Program, applications must be returned to the Community Development Department, located on the first floor of the Municipal Building.**

Projects are selected by the City's Director of the Community Development Department to optimize resources and benefits to the City. Applications must be complete in order to be considered for the program. All required documents (as identified above) must be submitted with the application.

Review of Applications

Applications submitted for the program will be selected and sorted according to the following priorities:

Priority 1 – Owner-occupied prioritized over non-owner occupied rental property.
(Owners occupying their property have a greater vested interest in the improvement of their properties)

Priority 2 – Two-unit property prioritized over multi-unit property.
(Grants given to two-unit properties at \$25,000 allow the benefit of the program to be realized by a greater number of properties. In addition to the larger number of two-unit properties that have the potential to be converted, the conversion of a two-unit property to

a single-family home makes a property more viable for re-sale.)

Priority 3 – Date the property owner indicated intent to participate in the program. (Intent to participate submitted at an earlier date will receive higher priority. This is to accommodate the applications that are currently on a Waiting List to participate in the program.)

Priority 4 – Located within U.S. Census Tracts 8546 and 8514. These census tracts contain a demographic where over 50% of households are of a low to moderate income, and where 15-33% of low-income housing units are determined to be overcrowded. The definition of overcrowding is based on measures defined by the U.S. Department of Housing and Urban Development (HUD) that funds the U.S. Census Bureau to conduct the American Housing Survey (AHS). The measures of overcrowding include persons-per-room (PPR), persons-per-bedroom (PPB), and unit square footage-per-person (USFPP).

Step-By-Step Process for the Residential Conversion Grant Program

- i. The Program Manager will contact you by phone to verify your eligibility for the Residential Conversion Grant Program and to schedule an appointment for an initial inspection of your property.
- ii. During the inspection, staff of the Community Development Department will prepare a work list that itemizes the alterations needed to perform the conversion as well as improvements needed to eliminate code violations. The City may identify other modifications that must be completed to accomplish the conversion. Following the inspection, you will receive a letter from staff that lists the work items and permits required to perform the conversion and eliminate any code violations.
- iii. The property owner applies for a conversion permit. Drawings showing the existing floor plan (prior to conversion) and proposed floor plan (after conversion) must be submitted to the Community Development Department for approval.
- iv. The Program Manager prepares a Residential Conversion Grant Agreement that is then signed by the property owner(s) and the City.
- v. Once the Agreement is signed, contractors/property owners obtain all other required permits as identified by staff and work can commence.
- vi. The Community Development Department will perform periodic inspections during the conversion. When the conversion is complete and all code violations are eliminated, the property owner notifies the Community Development Department and a final inspection is scheduled and performed.
- vii. Once a successful final inspection is performed, the property owner receives a Land Use Status Change Letter from the Community Development Department approving the conversion and confirming the change in land use to the original residential use.

Payment Process

The property owner provides the Residential Conversion Grant Program manager with the following documentation:

- Contracts/work proposals from all contractors performing conversion work.
- All invoices itemizing eligible materials and labor associated with the conversion.

- Stamped paid receipts and cancelled checks that indicate that all materials and labor have been paid in full.
- Waivers of lien from all contractors performing conversion work.

The Program Manager processes your payment when all documentation is received. A check is typically available 30 days after submittal of all required documents. The program manager contacts the property owner on the day the check is available. The City will only release the check to the property owner.

Note: Grant funds received as part of the Residential Conversion program are considered taxable income and the grant recipient will receive a 1099G form.

Terms and Conditions of the Residential Conversion Grant Program

- The current market value of a property *cannot* be equal to or less than the eligible conversion grant amount at the time of application. For grants involving the removal of multiple non-conforming units, the maximum amount of the grant shall be equal to or less than the market value of the property at that time. Documentation necessary to establish or verify the current market value of the property will be the responsibility of the property owner. *For a 2-unit property, the current market value of the property will be reviewed based upon the most recent sale price. The current market value of a 3 or more unit property's value will be determined by an appraisal of the property that will be conducted by an independent appraiser hired by the city and funded by a portion of the grant allocation awarded to a selected recipient of the program.*
- Property owners must obtain a conversion permit and all other applicable permits from the City of Elgin prior to initiating work on the conversion property.
- The conversion property must be a registered rental property with the City of Elgin prior to application to the program.
- The conversion property must be a lawful non-conforming use pursuant to the Elgin Zoning Ordinance and land use review.
- All electrical, mechanical and plumbing work must be performed by a licensed contractor. Grant funds will be paid in full upon completion of all conversion work and compliance with all other applicable codes and ordinances. The following items are required prior to the distribution of funds:
 - 1) An approved final inspection of the conversion property by the City's Code Enforcement Officer;
 - 2) A Land Use Status Change Letter and Occupancy Permit from the City's Department of Code Administration and Development Services;
 - 3) The Program Manager's receipt of all required documents as identified above.
- Residential Conversion Grant Program participants will not sell or otherwise convey their interest in the Subject Property prior to completing the conversion and fulfilling their obligations pursuant to the Agreement.

**Please note that grant funds received are considered taxable income
and the grant recipient will receive a 1099G form.**

Additional Information

Call the City of Elgin, Community Development Department at 847-931-5920 for further information.

**2020 RESIDENTIAL CONVERSION GRANT PROGRAM
GRANT APPLICATION**

PLEASE PRINT ALL INFORMATION

Applicant Name: _____ Applicant's SS#: _____

Conversion Property Address: _____ Zip Code: _____

Applicant's Address: _____

City: _____ State: _____ Zip Code: _____

Daytime Telephone: (_____) _____ Email: _____

Total # of Units to be eliminated: _____ Final # of Units after Conversion: _____

Property is Held by: Individual _____ Corporation _____ Partnership _____ Trust _____

Federal Tax I.D. Number (for other than an Individual): _____

Date Property was acquired: _____ Outstanding Code Violations: Yes ___ No ___

Description of Proposed Conversion Work (*Use additional pages as necessary*):

Estimated Cost of Conversion Work: \$ _____ Estimated Property Value: \$ _____
The current market value of a property cannot be equal to or less than the eligible conversion grant amount at the time of application.

I/We hereby represent that the information contained in this application and documentation provided is true and correct to the best of my/our knowledge.

Grantee(s)

Date

2020 RESIDENTIAL CONVERSION GRANT PROGRAM APPLICATION

THIS IS A TAXABLE GRANT.

The following items must be submitted with your application. Please mark all boxes to ensure that you have provided all documents. *Applications will be deemed incomplete and returned to the applicant if information is missing.*

Please note that permits will be required for the grant project and the property owner is responsible for payment of any and all associated fees before the project begins. Additionally, pending the scope of work, historic district properties may require a Certificate of Appropriateness.

- Proof of ownership of the Subject Property.
 - Copy Property Warranty Deed or title insurance document.
- Copy of most recent mortgage statement.
- Copy of homeowner’s insurance statement.
- Verification of property owner’s Social Security Number.
 - Copies of Driver’s License and Social Security Card.
- Copy of current rental license.
- Signed Inspection Permission Slip.
- Signed W-9 Form.

I/We hereby represent that the information contained in this application and documentation provided is true and correct to the best of my/our knowledge.

Applicant’s Signature

Date

Applicant Printed Name

The following items are not required at the time of application submission but will be required when applying for the Conversion Permit:

1. Written description of the work required for the conversion.
2. Drawings showing existing floor plan (prior to conversion) and proposed floor plan (after conversion) if requested by staff.
3. Cost breakdown for conversion work.
4. Signed Property Lien form (if applicable)

**PERMISSION TO PERFORM INSPECTION OF PREMISES
TO VERIFY COMPLIANCE WITH CITY OF ELGIN ORDINANCES**

Property Address: _____

Section PM-105.3, Section 1.16.010 and Section 6.37.110 of the *Elgin Municipal Code* authorize City of Elgin code enforcement officers to enter property at reasonable times to inspect the premises for the enforcement of city ordinances. If entry is refused, the code enforcement officer is authorized to apply to the court for an administrative search warrant authorizing an inspection of the property.

The undersigned owner or occupant of the dwelling referenced above has read and understands the content of this notice and voluntarily consents to an inspection of the premises by the City of Elgin code enforcement officers for the purpose of verifying compliance with the City of Elgin ordinances and also consents to any follow-up inspections that may be conducted by the code enforcement officers to confirm that any code violations identified during the initial inspection have been corrected.

**PERMISO PARA HACER INSPECCIÓN DE PROPIEDAD PARA VERIFICAR
COMPLACENCIA CON ORDENAZAS DE LA CIUDAD DE ELGIN**

Sección PM-105.3, Sección 1.16.010 y Sección 6.37.110 del *Elgin Municipal Code* autorizan a los oficiales de códigos de la Ciudad de Elgin entrar a propiedades a horas razonables para inspeccionar el local para hacer cumplir las ordenanzas de la Ciudad. Si es negada la entrada, el oficial de códigos está autorizado aplicar a la corte para un orden administrativo de juez autorizando inspección interior de la vivienda.

El dueño u ocupante señalado aquí abajo de la vivienda referida arriba ha leído y comprende el contenido de esta noticia y voluntariamente da consentimiento a inspección de la propiedad por el oficial(es) de códigos de la Ciudad de Elgin para el propósito de verificar complacencia con ordenanzas de la Ciudad de Elgin y cualquier consiguientes inspecciones que sean conducidas por el oficial(es) de códigos para confirmar que cualquier violación identificada durante la inspección inicial se haya corregido.

Owner or Occupant of Dwelling (Dueno u Ocupante de Vivienda)

_____ **Date:** _____

Tenant Name:
