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Governor Rauner Signs Bipartisan Legislation to Extend the Illinois Affordable Housing Tax Credit

*SB2921 encourages donations of private capital to finance affordable housing
developments across Illinois*

CHICAGO – Illinois Housing Development Authority (IHDA) Executive Director Audra Hamernik today applauded Governor Bruce Rauner for signing Senate Bill 2921, legislation that preserves an incentive for private investment in affordable housing throughout Illinois by extending the Affordable Housing Tax Credit for an additional five years.

“The Affordable Housing Tax Credit is the most-successful tool the State of Illinois has in bringing private equity in to the affordable housing market,” said Executive Director Hamernik. “Since the inception of the tax credit in 2001, the competitive program has leveraged over \$370 million in private investment to spur the creation and preservation of over 18,000 affordable housing units across Illinois.”

For every dollar donated to a not-for-profit organization creating affordable housing a 50 cent state tax credit is generated. The non-profit then has the option to increase the leverage of the donation by selling the credits and reinvesting the proceeds from the sale back into the project. This increases the total donation by as much as 40% in many instances, providing key gap financing to make the deal financially viable.

“Our organization provides apartments, supportive services and a stable environment to homeless families who are developing the skills they need to live independently,” stated John Hayner, CEO of Bridge Communities. “Without the Affordable Housing Tax Credit our non-profit organization would be unable to develop affordable housing and provide a wide-range of services that create permanent change in the lives of homeless families.”

IHDA administers the program statewide with 75.5 percent of each year’s allocation of credits while the City of Chicago has statutory authority over the remaining 24.5 percent. Per statute, the amount of credits allocated increases by five percent each year allowing each agency to fund more projects year-after-year. For the 2017 Fiscal Year, IHDA already received applications for nearly \$22 million, which is over \$3 million in excess of available credits IHDA can allocate. The Affordable Housing Tax Credit program is very competitive and a popular tool in providing finance for the construction and rehabilitation of affordable housing in Illinois.

"According to the U.S. Census, almost 25 percent of all renters in Illinois currently spend more than half of their income on monthly rent," said Dave Neary, DuPage Habitat for Humanity Executive Director. "These are some of Illinois' most vulnerable populations: persons with disabilities, veterans, homeless, and the elderly. The Affordable Housing Tax Credit provides the critical incentive for private donations that allow Habitat to build places these folks can afford to live."

"Our mission is to serve youth and families confronting homelessness," stated La Casa Norte Executive Director Sol Flores. "Through utilizing the Affordable Housing Tax Credit, we are able to expand access to stable housing and deliver comprehensive services that help to transform lives and communities."

The benefits of the Affordable Housing Tax Credit extend to more than just the development of affordable housing. Per a model used by the National Association of Home Builders, the credit has created over 27,000 jobs resulting in \$1.8 billion in wages & revenue. These expenses and costs resulted in over \$218 million in state and local taxes, further helping local economies.

"The Affordable Housing Tax Credit is a smart tool for encouraging public-private partnerships that strengthen communities across the state," said Chicago Rehab Network Executive Director Kevin Jackson. "When families and individuals live affordably, the result is that they have greater household spending power to support local commerce."

For more information on the Affordable Housing Tax Credit, please visit the IHDA web site at: www.ihda.org.

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About the Illinois Housing Development Authority

IHDA (www.ihda.org) is a self-supporting state agency that finances the creation and the preservation of affordable housing across Illinois. Since its creation in 1967, IHDA has allocated \$14.6 billion and financed approximately 245,000 affordable housing units for residents of Illinois.