Housing Facts

Illinois Affordable Housing Tax Credit

What is the Illinois State Donations Tax Credit?

Corporations and individuals can receive a $.50 credit toward their state income tax for every $1 in cash, property or securities donated for approved affordable housing creation. $13 million of credits are available annually, which will generate a total of $26 million for affordable housing.

The Tax Credit will allow a corporation planning to donate $5,000 to a housing project to invest $10,000 instead. (Corporations will benefit yet again when they receive a charitable tax deduction from the federal government.)

What kinds of housing projects qualify?

Both rental and for-sale multi-family housing and single-family developments are eligible uses. Units must be affordable to and occupied by households earning less than 60% of the area median income. $2 million in credits is set aside for Employer Assisted Housing, which can serve households earning up to 120% of area median income.

How does the application process work?

Both the Illinois Housing Development Authority (IHDA) and the City of Chicago Department of Housing (DOH) separately allocate credits on a yearly basis. DOH receives 24.5% of the total credits available each year. While each agency’s process will differ, they both will reserve credits for specific non-profit development projects. After reservation, developers have two years to complete the donation before the credits expire. For up-to-date application details and deadlines contact IHDA and DOH.

How can local donors benefit from this credit?

Through public-private partnerships, donors now have a strong incentive to fund affordable housing. With the federal charitable deduction and this state tax credit, the true cost of a $1 donation will be about $.30. This creates new opportunities for land and property donations, which were previously financially unfeasible.

Who can assist local non-profits in using this credit?

Chicago Rehab Network increases the capacity of non-profit community developers through trainings and direct support. CRN’s annual Community Development and Empowerment Workshop Series and the award-winning Urban Developer’s Program provide forums for developers to build their skills. CRN is also HUD’s technical assistance intermediary for Community Housing Development Organizations in the Chicago region.

Additional Resources:

1. Illinois Public Act 92-0491
2. IHDA’s implementation rules (see Illinois Register Title 47, Chapter II, Part 355: Illinois Affordable Housing Tax Credit Program)

Both of these documents are available on CRN’s website at www.chicagorehab.org