



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

Chicago Rehab Network is a citywide coalition of neighborhood-based nonprofit housing groups advocating for policy change at local, state and national levels. For over twenty years CRN has been the leading technical assistance provider in the Chicago region, working to create affordable housing and promote community development without displacement. For more information, please contact Chicago Rehab Network at 312/663-3936.