



Entry Form 2017 Annual Awards for Program Excellence

Entry Deadline: Thursday, June 15, 2017, Midnight ET

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email awards@ncsha.org.**

Entry Title: Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

Category:

Subcategory:

Entry Summary: A 15-word (max) summary of the program, project, or practice you are entering.

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Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF? Yes No

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Illinois Housing Development Authority
Saving the Illinois Affordable Housing Tax Credit
NCSHA 2017 – Legislative Advocacy: State Advocacy

“Having the capacity to have funds to develop projects to serve young people and families has been most critical”

Sol Flores, Executive Director, La Casa Norte

Introduction

The Illinois Affordable Housing Tax Credit (Donation Tax Credit or DTC) was created by the Illinois General Assembly in 2001 with IHDA and the City of Chicago as the administering agencies. The Donation Tax Credit has previously been extended for two five-year periods with bipartisan support.

The DTC was set to expire on December 31, 2016. IHDA, working with the Illinois General Assembly, introduced Senate Bill (SB) 2921, which would extend the DTC for five years, sunseting December 31, 2021.

Program Background

The Donation Tax Credit encourages private investment in affordable housing by providing donors of qualified donations with a one-time tax credit on their Illinois state income tax equal to 50 percent of the value of the donation. Donations may include money, securities, real estate or personal property.

In addition to the 50 cents each \$1 donated to a housing development garners under the program, the sponsors often increase the leverage of this benefit by convincing the donor to transfer/sell the tax credit and reinvest the proceeds into the development, similar to the Low-Income Housing Tax Credit program. This increases the total donation by 40 percent in many instances.

Since the creation of the DTC, IHDA has worked tirelessly to market, educate and promote the DTC program to the development community as another tool to finance production. The Donation Tax Credit has been part of the creation/preservation of more than 17,000 units since its inception in August 2001.

The popular program is constantly oversubscribed. Within two months of the current fiscal year, applications for financing through DTC were already \$3 million in excess of available. With the reduction in alternative financing opportunities (i.e. HOME), the need to preserve every funding source available for affordable housing becomes that much more critical.

Legislative Mountain

Illinois is currently home to a divided government where both houses of the Illinois General Assembly are heavily controlled by the Democratic Party and the Governor is a Republican. This dynamic has led to an ongoing budget impasse (Illinois has now gone over 700 days without a state budget) and strife wherein even bipartisan legislation primarily failed to make it to the Governor's desk. The 99th General Assembly was on pace to send only 938 bills to the Governor's desk, a 28 percent decline from the previous three Assemblies.

Historically, the extensions to the DTC have easily passed with heavy bipartisan support; however, this current legislative session was far different than anything seen before.

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It was going to be an uphill battle to pass a DTC extension through both houses, so IHDA created a strategic plan to educate, correct misunderstandings, counter opposition and ultimately seek support from state legislators.

This included:

- **Task Force Coalition**

Acutely aware we would need all the help we could get in lobbying legislators from both sides of the aisle, IHDA created a task force of various housing counseling agencies, developers, attorneys, nonprofits and municipalities to aid us in extending the DTC.

The task force met weekly and developed a strategic plan to educate and alert legislators as to the impact of extending the DTC. We initially targeted members of the House and Senate Revenue Committees because without their support, the bill would never make it to the floor for third reading and final passage.

The task force made it its mission to get facetime with legislators wherever we could: district offices, political event or in the rotunda of the Capitol. Any opportunity for additional facetime with these Representative and Senators was not lost.

In addition, task force members took the initiative to write letters to the editor to draw additional awareness to extending the DTC program.

- **Research**

IHDA's Strategic Planning and Research (SPAR) department made fact sheets showing the impact of the DTC on both Revenue Committees as a whole and specific members in leadership. We wanted to emphasize the importance of this program not only in the area of affordable housing, but the tax dollars and jobs that come with the construction and operation of these developments.

In conjunction with the Chicago Rehab Network, we developed a map showing the location of every development that received financing from the Donation Tax Credit and broke it down by House and Senate District to illustrate the statewide impact of the program.

- **Subject Matter Hearing**

A subject matter hearing gives the bill sponsors the opportunity to make an impression on the committee, with no votes being cast. When the Chairwoman of the Senate Revenue Committee informed the task force they would be given the opportunity to present testimony at a hearing in Chicago, it was our first glimmer of hope the bill may be moving forward.

The task force scrambled to put everything together in the short window of time given to us. It was crucial to have statewide representation as most people forget there is a whole lot more to Illinois than Chicago. In addition, we wanted a balance between large developments, scattered site housing, senior housing and homelessness.

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We did not just want to pitch standard testimonials that this was a benevolent program. We made it a goal to *sell* the legislators that this was a critical need. With multiple witnesses and a packed room showing their support, the subject matter hearing was a complete success and the majority of the members present voicing their support for the extension of the Donation Tax Credit.

5 Days Left

In November 2016, the contentious and seemingly unending elections were over and the Illinois General Assembly was entering its veto session. Veto session requires legislation to have the support of 3/5ths of each chamber in order to pass, further complicating matters. To make matters worse, time was of the essence. There were only **five session days** to pass the bill before the 99th General Assembly recessed for good.

The mood was tense, with numerous lame duck legislators and still no budget, no one had any idea what was going to happen during these session days. As the Senate had not yet acted on the bill, the task force was able to get a member of the House leadership to introduce an amendment to a “shell bill” that contained the same language extending the DTC and had already passed the Senate in April under a different purpose.

The bill was fast-tracked through the House Revenue Committee and the task force was able to secure a strong bipartisan list of cosponsors to this “new” legislation. The bill was brought to the House floor the next day and passed 79-29, which may seem like a strong majority, but, because this was veto session, only passed with 8 votes to spare.

As the Senate has already passed the bill under different language, all that remained was a vote of concurrence and it would be sent to the Governor’s desk. On December 1st, the last day of session for the 99th Illinois General Assembly, the Senate voted to concur 54-0 and the bill to extend the Donation Tax Credit was now headed to Governor Bruce Rauner’s desk.

Conclusion

After over a year of planning and advocacy, the creation of a task force and multiple meetings with House and Senate members across Illinois, the final bill was pushed through the Capitol in Springfield in matter of days. That is, essentially, how Springfield works. You never know what is going to happen and when.

Illinois’ largest tax credit, the Economic Development for a Growing Economy, or EDGE, failed to pass and expired on December 31st, 2016. That could have been the DTC, were it not for the efforts put forth by the task force and the devoted affordable housing coalition across Illinois.

The extension of the Donation Tax Credit program became law (P.A. 99-0915) with Governor Rauner’s signature on December 20th, an early Christmas present for affordable housing in Illinois. The Donation Tax Credit will survive for another five years, until it is time to begin the process all over again. We probably should get started on filing that extension already.



Extend the Illinois Affordable Housing Tax Credit (35 ILCS 5/) SB 83 (Clayborne) | HB 3711 (Turner)

Attracts ***private capital***. The Illinois Affordable Housing (Donation) Tax Credit Program provides an Illinois Income Tax credit for donations to qualified non-profit housing developments, equal to 50% of the value of the donation.

Generates ***super-sized leverage***. A typical \$50,000 Donation Tax Credit leverages \$140,000 in private investment.¹ Most donors enhance the impact of their initial investment by transferring the credit to the non-profit developer to sell, creating additional capital *without additional resources*.

Delivers ***widespread benefits and support***. The Donation Tax Credit has a five-year sunset and has been extended twice with bi-partisan support. It is administered statewide by the Illinois Housing Development Authority and in Chicago by the City of Chicago's Department of Housing.²

What has the donation tax credit accomplished?

Since 2001 inception, the donation tax credit has:

- ***Created or preserved over 17,000 Illinois homes and apartments***
- ***Attracted over \$360 million in private capital***
- ***Supported 25,000+ jobs for \$1B in wages and local commercial activity***
- ***Generated over \$217 million in state/local fees and taxes***

The Donation Tax Credit is a small program relative to other tax credits, and it provides great benefit: in Illinois, 75% of people with lower incomes pay more than 50% of their income toward rent.³

Illinois Snapshot:

- ***Created/Improved over 250 home and apartment developments***
- ***Every \$1 of donation leveraged \$8 in other sources for over \$3.3 billion in total development costs.***
- ***<93% of units are income restricted***

All approved developments must reserve at least 25% of the units in each development for people of modest means, and cannot charge more rent than they can afford.⁴

Extend this program before it expires on December 31, 2016!

¹ [\$100,000 Donation = \$50,000 Donation Tax Credit] ▫ [Donation Tax Credit sold @ .80¢ per \$1] ▫ [\$50,000 Donation Tax Credit X .80 = \$40,000]

² Accomplishments are based on a standard model developed by the National Association of Homebuilders for the Low Income Housing Tax Program.

³ National Low Income Housing Coalition, Housing Spotlight Volume 3 Issue 1

⁴ 2016 Income limit for household of four in Blooming is \$52,620, in Chicago \$46,140 and in Cairo is \$33,060 (Excludes Employer-Assisted Housing)

Contact:

Charlotte Flickinger, Illinois Housing Development Authority
312-519-9550 or cflickin@ihda.org



Dear Legislator:

As work and meetings continue on the Illinois budget, we ask that you not lose sight of the Illinois Affordable Housing Tax Credit (IAHTC) and its renewal. One solution for reaching a better economy is affordable housing: when families and individuals live affordably, the result is that they have greater household spending power to support local commerce.

The IAHTC encourages private investment in affordable housing. This program has leveraged investments that have created over 17,800 units of single and multifamily housing spread throughout in Illinois. The total development cost of these homes exceeded \$3.3 billion dollars, which were pumped into local units of government, vendors, and construction trades in 51 out of 59 Illinois senate districts.

From 2000 to 2010, housing insecurity among owners increased in the 98 out of 102 Illinois counties. Such an increase reinforces the need to have a broad range of housing options, which the IAHTC has supported. Households struggling with housing insecurity experience negative consequences in all dimensions of financial wellbeing, including paying for health care and prescriptions, meeting debt obligations, saving for retirement, and purchasing healthy food. Furthermore, they are more vulnerable to homelessness, more likely to move frequently, and less likely to make consumer purchases that stimulate the local economy.

The IAHTC is too important to get lost in the budget challenges facing Illinois. It is a smart tool for encouraging public-private partnerships that strengthen communities across the state. The importance of this program cannot be overstated – the IAHTC is a small cost with a mighty impact: for every public dollar invested, it has leveraged another two dollars in private investment that directly strengthen the well-being of Illinois families.

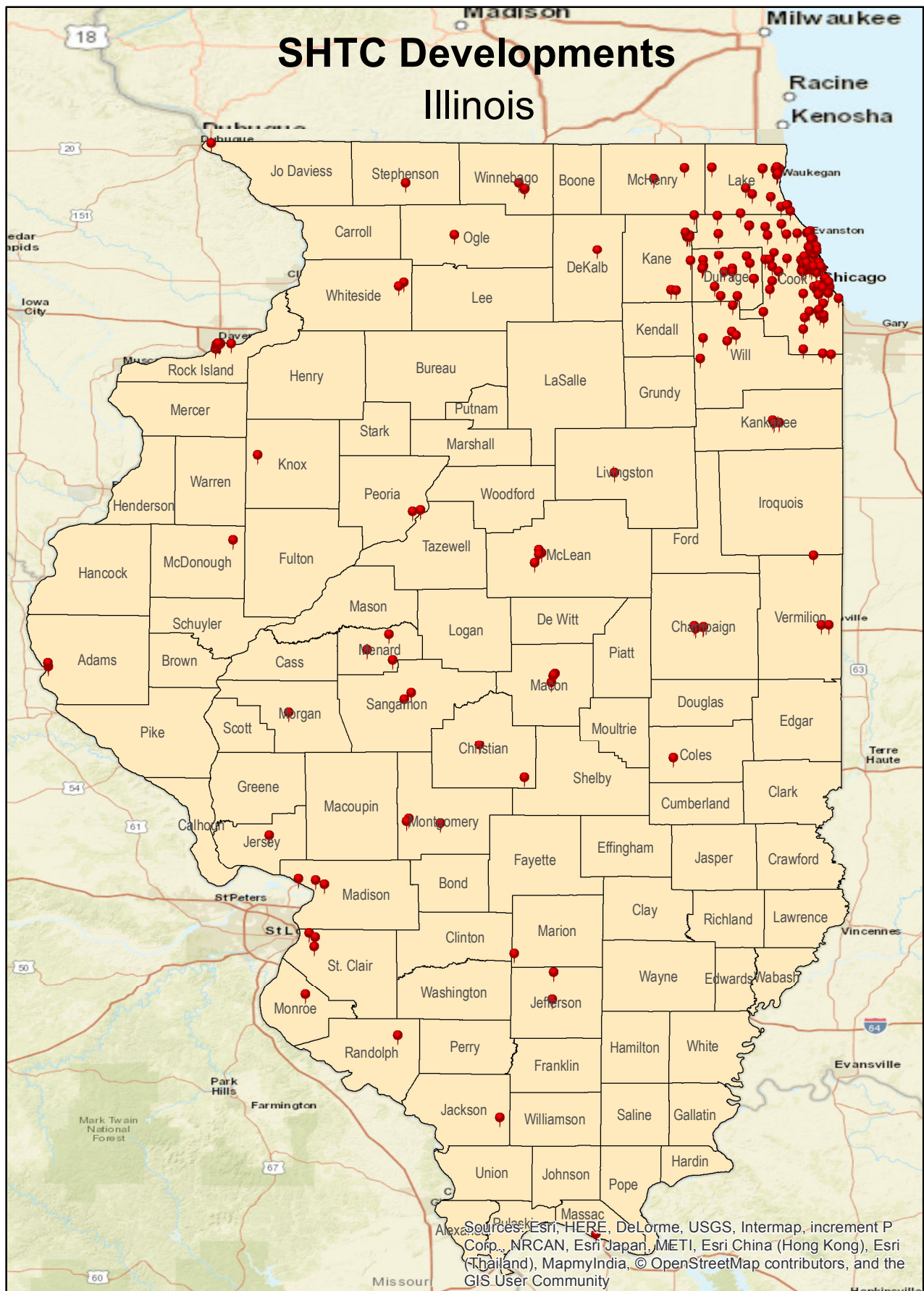
Sincerely,

Kevin F. Jackson
Executive Director

Contact:

Charlotte Flickinger, Illinois Housing Development Authority
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SHTC Developments Illinois



In danger: Incentives that help save blighted neighborhoods

By: MARK ANGELINI September 23, 2016

When Sears left Chicago's West Side in the 1970s, its **substantial campus** sat empty and unused, the buildings decaying. While the redevelopment of this campus has been underway in Homan Square for some time, many of the historic properties were left unoccupied. Now a renovation is underway, and this December, the former catalog printing plant will be transformed into 181 units of affordable family housing two blocks from the CTA's Blue Line Kedzie/Homan station.

The renovated building, called **the Lofts on Arthington**, will provide a safe and affordable home to more than 300 children and their families. The project also will soon generate more than \$100,000 in annual real estate taxes and a significant number of construction jobs. Further, this building and others like it can help bring stability and prosperity to communities, as well as reducing violence, through services such as pre-K education, in-unit neonatal health care and job training.

Transformations like this depend on three primary tax incentives (two federal and one state), two of which are now under threat in Washington, D.C., and Springfield. As president of Mercy Housing Lakefront, a nonprofit committed to building healthy neighborhoods through affordable and supportive housing, I see each day how important these tax credits are to building healthy neighborhoods; I also see how clearly they return value to taxpayers.

Housing tax credits are a powerful financial tool to incentivize donors of land or cash. The credits increase the amount of tax deductions donors receive when contributions are made for the development of certain properties, often by nonprofits like ours.

The federal low-income housing and historic tax credits incentivize private investment in the redevelopment of historic properties. Without the incentive of tax credits, market forces would drive investment away from historic properties, leaving the decaying properties to be a community eyesore instead of contributing to tax revenue.

The FHTC generates income for the federal government. In 2014, the National Trust for Historic Preservation found that over the lifetime of the tax credit, the IRS issued \$23.1 billion in FHTC credits while directly generating \$26.6 billion in federal tax revenue from income taxes paid by manufacturers, construction workers and the commercial tenants that ultimately occupied rehabilitated properties.

Also crucial in our state is the Illinois Affordable Housing Tax Credit. For every \$1 contributed to affordable housing, donors receive a 50-cent state income tax credit. In many cases, this inspires donors to transfer property at a rate much lower than the appraised value. This can allow nonprofits to renovate or build properties without the expectation of recouping costs through market-rate rents.

For our organization, the Illinois credit has inspired donors to give generously. Using it, we have preserved family housing in Aurora and Elgin along the Fox River Valley, and we're about to open a permanent supportive housing development for homeless veterans on the Illiana VA Hospital campus in Danville.

Much like the federal historic tax credit, this program generates revenue for the state of Illinois. From 2002 to 2014, Illinois grossed almost \$40 million in tax revenue through it.

While the federal LIHTC has been made permanent as part of last year's federal budget compromise, both the FHTC and the state's IAHTC are at risk of not being extended. The FHTC needs renewal this fall.

The number of Illinois state senators whose districts have benefitted from this are too numerous to list, but here is a representative sample and the number of households that have been helped in their districts: Sen. Heather Steans, 861 households; Sen. Kwame Raoul, 2,632; Sen. Patricia Van Pelt, 2,112; Sen. Mattie Hunter, 1,117.

What is at stake if we fail to renew these tax credits? Our state's **affordable housing crisis** will grow and cause a ripple effect that impacts every area of services and the economy, especially health care, education and community development.

Illinois cannot afford that.

Mark Angelini is president of Mercy Housing Lakefront.



**Donation Tax Credit Subject Matter Hearing before Illinois Senate
Revenue Committee**

For Immediate Release
December 20, 2016

Contact: Andrew Field - (312) 836-5335
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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.