

Entry Description

Knowing that Section 42 is the longest section of the Internal Revenue Service's code, is it no surprise that administration of the federal Low-Income Housing Tax Credit (LIHTC) program is a cumbersome and often daunting task.

While the Iowa Finance Authority boasts an outstanding LIHTC team, we knew that our processes and procedures could use some improvement. Although we're constantly monitoring the good work of our colleague HFAs, it was becoming increasingly important for us to take a step back and closely review our own program in an effort to make enhancements that would benefit our agency, our developer partners and anyone else who plays a role in the creation of affordable housing financing with tax credits.

Over five days in July 2008, the tax credit staff and several others committed themselves to a Kaizen event intended to review the existing program and identify enhancements in LIHTC process from the implementation of the Qualified Allocation Plan to the issuance of form 8609.

A facilitator from Guidon led the effort, accompanied by representatives from the Iowa Department of Workforce Development and the Iowa Department of Management who specialize in aiding state agencies during and after the Kaizen process. Other participants included a representative of the Wisconsin Housing and Economic Development Agency, which has served as a role model to IFA's LIHTC program; a representative of the Iowa Attorney General's Office; and a representative of McGladrey. Ten IFA staff also participated, representing all facets of the agency from IT to Compliance to Underwriting.

Kaizen goals included the following:

- Find a way to even out the LIHTC workload, making it a program that is coordinated over 12 months rather than three very busy months.
- Reduce deficiencies by 50 percent.
- Reduce handoffs by 25 percent.
- Eliminate staff overtime.
- Create a working online application by 09-03-08.
- Reduce the application review time by 50 percent.
- Improve the form 8609 processing time by 33 percent.
- Improve Carryover review time by 50 percent.

Armed with this impressive list of goals, Kaizen participants worked for several long days to arduously map out the current process and find its strengths and weaknesses. What resulted was a process illustrated on more than 30 consecutive feet of oversized notepads and hundreds of sticky arrows. This mass of paper and markers made it clear the process needed improvement, and it inspired staff to keep working for a better program.


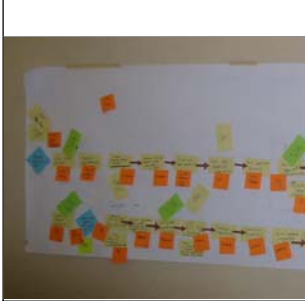
By Friday, the group's tiring effort paid off, when a new process was showcased on only a few feet of white paper, including just a handful of sticky arrows. The impressive results of the Kaizen are show below.

	Old Process	New Process
# Steps in Process	372	100 (estimated)
# Handoffs	80	17
# Decisions	14	5
# Value-added	5	5

The new, streamlined process means the workflow is evenly distributed throughout the calendar year, the application review time is shortened, the number of process steps and handoffs is minimized, the training process is improved, and the number of application deficiencies is reduced. While these enhancements will benefit many people, they will most importantly help our developer partners more easily navigate the LIHTC process. Both seasoned and novice developers will find it easier, faster and less threatening.

The Kaizen ended on Friday morning and already the following Monday the LIHTC team began meeting to immediately implement the changes identified in the Kaizen. A roll-out plan clearly identifies the steps necessary to implement the Kaizen’s recommendations, and it easily identifies the staff who are responsible for orchestrating that change and the date by which their work must be completed.

Anyone who participated in the LIHTC Kaizen will tell you that it was a difficult, exhausting experience. But they will also quickly acknowledge that their efforts were worthwhile and will create a new LIHTC program that the entire state of Iowa can take pride in. IFA is excited to see these improvements implemented so that our LIHTC program can become a model in the nation.

		<p>Monday, July 7</p> <p>A small portion of the previous LIHTC process, illustrated with hundreds of marks, post-it notes and sticky arrows.</p>
		<p>Friday, July 11</p> <p>The new LIHTC process, shown entirely on just a few feet of paper.</p>