

Preparing the Next Generation of Developers to Solve Illinois' Rental Housing Crisis

From the banks of the Mississippi and Ohio Rivers to Chicago's densely populated neighborhoods, Illinois is facing a rental housing shortage that presents a dire situation for the state's low-income households. According to the [National Low Income Housing Coalition](#), there are only 34 affordable and available rental homes for every 100 extremely low-income renter households in Illinois. This equates to a staggering shortage of 289,616 affordable rental homes for extremely low-income renter households in the state.

The Illinois Housing Development Authority (IHDA) realized there is an immediate need to grow its pipeline of developers to create and preserve more affordable rental units and resolve the rental-housing crisis in every region of the state. However, the Low-Income Housing Tax Credit (LIHTC) program for funding multifamily rental developments comes with many barriers to entry that are often insurmountable for new developers, including those from underserved communities and underrepresented backgrounds.

To address this, IHDA designed and implemented the **Next Generation Capacity Building Initiative (Next Gen)**, a holistic program that equips new and emerging developers with the knowledge, skills, and financial and professional support needed to navigate the LIHTC process and bring their affordable housing visions to life. Now in its third year and cohort, Next Gen is succeeding at cultivating a geographically diverse network of new developers with the innovation, dedication, and determination to bring an end to the state's rental housing shortage and help more low-income renters across Illinois' 102 counties.

Creating a Groundbreaking Program to Lead to More Rental-Housing Groundbreakings

When IHDA began its research to develop Next Gen, the Authority needed to learn what emerging developers needed in a capacity-building program and how IHDA could provide that. To find out, IHDA conducted more than 50 conversations with stakeholders, including emerging developers. IHDA determined from these discussions that the most important things needed for emerging developers were comprehensive LIHTC training, real-time technical support, and early-stage funding. IHDA also spoke with representatives from affordable housing organizations across the nation that ran capacity-building programs that addressed one or two of the developers' needs, but not all three.

In response, IHDA created a trailblazing program that became the most comprehensive capacity-building program offered by a state Housing Finance Agency (HFA) in the nation. Next Gen addresses all the developers' needs that IHDA identified in its research, including:

1. **Training:** Next Gen cohorts receive 160 hours of industry-leading curriculum (**Exhibit A**) focused on how to create a LIHTC development proposal and how to apply for LIHTC through IHDA, as well as other affordable-housing topics. The training also incorporates real-world education and peer networking opportunities to start building connections with industry leaders. The training program concludes with a capstone event (**Exhibit B**) in which cohort members present their draft rental-housing proposals to a panel of affordable housing experts, who offer constructive feedback to help the cohort members prepare for real-world development proposals.
2. **Predevelopment Capital:** Graduates of the training program are eligible to apply for an interest-free loan of up to \$250,000 to help cover the early costs of development including design, site control, and legal structuring. These are costs that have historically kept new developers out. Loans are repaid only if the project moves forward, and the repaid funds are recycled to help future participants.
3. **Project Technical Assistance:** Next Gen participants who receive a predevelopment loan will then be offered individualized coaching as they move their projects through IHDA's application process.

Next Gen exemplifies IHDA's penchant for responding to challenges in both its state and industry with innovation, dedication, and passion that translate into programs that drive results, as discussed below.

Expanding Geographic Diversity in Affordable Rental-Housing Development

IHDA determined from the beginning of Next Gen that the members of each cohort should represent different counties in Illinois to address the various housing challenges those communities face and hopefully bring affordable rental housing to different parts of the state. From the first cohort in 2024 to the third, ongoing one that began in February 2026, Next Gen has achieved this objective by enrolling 53 total participants representing 14 Illinois counties, including urban, rural, and both low-income and high-income counties that need affordable rental housing.

Many Next Gen members are already participating in the LIHTC application process. In IHDA's last application round for 9% LIHTC, six Next Gen participants submitted full development proposals to be considered for funding. This is far ahead of schedule, as IHDA did not expect to begin receiving full proposals until the next 9% LIHTC round at least. In addition, nine participants have earned IHDA's approval for their Preliminary Project Assessments (PPAs) detailing their plans for rental developments and four participants have closed on predevelopment financing for their developments, while another two are on track to close soon. These early results indicate IHDA is already growing a geographically diverse pipeline of new developers whose work will, in time, help offset the state's rental-housing shortage.

Growing a More Expansive Developer Pool

The statewide moral and anticipated economic benefits of Next Gen far outweigh the costs of operating the program. IHDA knew from Next Gen's inception that developers from underrepresented backgrounds faced many barriers to entering the real estate industry. A 2025 [New York Times](#) story found that women own just 2.8 percent of real estate firms and occupy only nine percent of the C-Suite in commercial real estate. Black and Hispanic women are in an even smaller minority; according to a 2023 [study](#), Black developers comprise only 0.4 percent of all developers and Hispanic persons make up just 0.16 percent. With Next Gen, IHDA wanted to break down these barriers and build a larger pool of affordable housing developers whose unique perspectives and lived experiences would inspire rental developments that both reflect the communities they serve and infuse economic vitality in underserved areas across Illinois. Next Gen is succeeding in building that more expansive developer pool, as demonstrated by the following enrollment statistics:

Cohort 1 (22 participants):

- **82%** Black or Asian American/Pacific Islander
- **14%** Hispanic/Latino
- **18%** Women real estate professionals

Cohort 3 (16 participants):

- **75%** Black or Asian American/Pacific Islander
- **13%** Hispanic/Latino
- **31%** Women real estate professionals

Cohort 2 (15 participants):

- **64%** Black or Asian American/Pacific Islander
- **29%** Hispanic/Latino
- **71%** Women real estate professionals

Having a larger pool of developers with fresh ideas for rental housing to help low-income Illinoisans and resolve the state's rental-housing shortage promises to deliver a long-term and impactful return on IHDA's investment in Next Gen.

The Perfect Partnership

From Next Gen's inception, IHDA knew it would need to partner with a Community Development Financial Institution to assist with providing resources and services to fulfill IHDA's full vision for Next Gen. After conducting a Request for Applications process, IHDA selected the Local Initiatives Support Corporation (LISC) of Chicago and Central Illinois, an organization capable and experienced in providing pre-development loans, training, and technical assistance to affordable housing developers. In addition to LISC's experience, their established presence throughout Illinois made it the ideal partner for the program, as LISC's locations would help advance Next Gen's goal to encourage more geographic diversity in Illinois rental housing development. LISC has remained IHDA's partner through all three Next Gen cohorts.

Increasing Efficiency with Collaboration and Capital

IHDA and LISC's partnership on Next Gen makes the program an effective use of both organizations' staff time and IHDA's financial resources. Representatives from both organizations coordinate the Next Gen training sessions and host onsite trips to affordable rental developments for the participants, ensuring both partners share ownership of the program's educational responsibilities. Also, IHDA funds the program's predevelopment financing, which LISC then administers to Next Gen participants who have completed their training. This process ensures neither partnering organization controls both the funding and the disbursement process, avoiding potential conflicts of interest – but also, the process splits staff time and resources between the two organizations for increased efficiency. Regarding IHDA's financial resources, as noted above, Next Gen participants who receive predevelopment financing must repay the funds if their development moves forward. The repaid funds are recycled into a revolving loan fund overseen by LISC, providing a cost-effective way to keep the capital replenished for future cohorts.

The Developer-Facing Benefits

In addition to the positive impact IHDA expects Next Gen to have on Illinois' affordable housing industry, supply of affordable rental housing, and economic vitality, Next Gen provides immediate benefits to the program's participants. Many of Next Gen's incoming developers are small in scale and, despite having a passion for affordable rental housing, do not have the resources to enter the LIHTC space. Next Gen gives these developers the capability to venture into LIHTC that they may not have had otherwise, as many participants have testified (**see Exhibit C**). Next Gen also gives participants from underprivileged backgrounds the chance to represent affordable rental development in their home communities and create more equitable housing opportunities throughout the state.

Next Gen's Expansion in Action

As IHDA's Deputy Executive Director relayed in [one](#) of [two](#) IHDA-produced videos about Next Gen, IHDA has received calls from other states asking how to replicate the program. IHDA hopes Next Gen's holistic, equity-centered approach will be a model for these states and Housing Finance Agencies nationwide. The program can be a national catalyst for change by fostering larger pools of affordable housing developers, resulting in the production of more affordable rental housing units across the country.

Setting the Foundation for the Future of Affordable Housing Development

Next Gen has completed IHDA's objective to begin growing a new, emerging pipeline of geographically diverse developers committed to building or preserving affordable rental housing throughout the state. In the near term, IHDA hopes to see the Next Gen participants engaged in the LIHTC process bring their housing proposals to life and help address Illinois' rental-housing shortage. In the long term, IHDA hopes Next Gen will create an even larger pool of new developers who will reflect the cultural, ethnic, racial, and geographic diversity of Illinois and develop affordable rental housing until every low-income Illinois renter has a stable and affordable place to call home.

*Illinois Housing Development Authority
Preparing the Next Generation of Illinois' Rental-Housing Developers
Rental Housing – Encouraging New Construction and Promoting Preservation*

Exhibit A



Training session for Next Gen's first cohort held at IHDA's office.

*Illinois Housing Development Authority
Preparing the Next Generation of Illinois' Rental-Housing Developers
Rental Housing – Encouraging New Construction and Promoting Preservation*

Exhibit B



Next Gen capstone event for second cohort.

Exhibit C

Next Gen Initiative Participant Testimonies

“Tax-credit equity financing is a tough type of financing, and if you don’t have a larger developer to partner with or apprentice under, you’re never going to get the exposure that it takes to want to take the financial risk to sponsor this type of deal. ... My hat’s off. I mean, IHDA does a lot of things well, and with LISC and IHDA partnering up on this, I think they really will get to the goal of creating new sponsor-developers.”

~ Michele Jarrell, member of the first Next Gen Cohort of 2024

“Next Gen gave me the knowledge and confidence to bring my first LIHTC proposal to life. The mentorship, networking, and technical support were invaluable in preparing me to become the affordable housing developer I was meant to be. I now see a clear path to making a lasting impact in creating housing opportunities for all throughout downstate Illinois. I encourage anyone looking to create meaningful change through helping your neighbors find stable housing to apply.”

~ Kelli Roberts, member of the second Next Gen Cohort of 2025

“Black and Brown developers are only 1 percent of development, so I am appreciative and glad that IHDA is opening these doors for us to get into this industry where, in our communities, development is needed. ... It’s important that when you go into Black and Brown communities that they see another Black and Brown face contributing to this community. They can look at me and say, ‘hey, this Black female, she’s developing – maybe I can, too.’”

~ Angela Russell-Perry, member of the first Next Gen Cohort of 2024

For more participant testimonies, watch IHDA’s [two videos](#) providing an “inside look” at the first Next Gen Cohort.