

HB3878



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3878

by Rep. Abdelnasser Rashid

SYNOPSIS AS INTRODUCED:

20 ILCS 3805/7.28

Amends the Illinois Housing Development Act. Provides that the Illinois Housing Development Authority may award State matching grants to sponsors who receive donations that qualify for the affordable housing tax credit. Provides that the grant may not exceed the amount of the tax credit claimed for the donation.

LRB103 30389 HLH 56819 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Housing Development Act is amended
5 by changing Section 7.28 as follows:

6 (20 ILCS 3805/7.28)

7 Sec. 7.28. Tax credit for donation to sponsors. The
8 Authority may administer and adopt rules for an affordable
9 housing tax donation credit program to provide tax credits for
10 donations as set forth in this Section.

11 (a) In this Section:

12 "Administrative housing agency" means either the Authority
13 or an agency of the City of Chicago.

14 "Affordable housing project" means either:

15 (1) a rental project in which at least 25% of the units
16 have rents (including tenant-paid heat) that do not
17 exceed, on a monthly basis, maximum gross rent figures, as
18 published by the Authority, that are:

19 (i) based on data published annually by the U.S.
20 Department of Housing and Urban Development;

21 (ii) based on the annual income of households
22 earning 60% of the area median income;

23 (iii) computed using a 30% of gross monthly income

1 standard; and

2 (iv) adjusted for unit size and at least 25% of the
3 units are occupied by persons and families whose
4 incomes do not exceed 60% of the median family income
5 for the geographic area in which the residential unit
6 is located; or

7 (2) a unit for sale to homebuyers whose gross
8 household income is at or below (A) 60% of the area median
9 income (for taxable years beginning prior to January 1,
10 2022) or (B) 120% of the area median income (for taxable
11 years beginning on or after January 1, 2022) and who pay no
12 more than 30% of their gross household income for mortgage
13 principal, interest, property taxes, and property
14 insurance (PITI).

15 "Donation" means money, securities, or real or personal
16 property that is donated to a not-for-profit sponsor that is
17 used solely for costs associated with either (i) purchasing,
18 constructing, or rehabilitating an affordable housing project
19 in this State, (ii) an employer-assisted housing project in
20 this State, (iii) general operating support, or (iv) technical
21 assistance as defined by this Section.

22 "Employer-assisted housing project" means either
23 down-payment assistance, reduced-interest mortgages, mortgage
24 guarantee programs, rental subsidies, or individual
25 development account savings plans that are provided by
26 employers to employees to assist in securing affordable

1 housing near the workplace, that are restricted to housing
2 near the workplace, and that are restricted to employees whose
3 gross household income is at or below 120% of the area median
4 income.

5 "General operating support" means any cost incurred by a
6 sponsor that is a part of its general program costs and is not
7 limited to costs directly incurred by the affordable housing
8 project.

9 "Geographical area" means the metropolitan area or county
10 designated as an area by the federal Department of Housing and
11 Urban Development under Section 8 of the United States Housing
12 Act of 1937, as amended, for purposes of determining fair
13 market rental rates.

14 "Median income" means the incomes that are determined by
15 the federal Department of Housing and Urban Development
16 guidelines and adjusted for family size.

17 "Project" means an affordable housing project, an
18 employer-assisted housing project, general operating support,
19 or technical assistance.

20 "Sponsor" means a not-for-profit organization that (i) is
21 organized as a not-for-profit organization under the laws of
22 this State or another state and (1) for an affordable housing
23 project, has as one of its purposes the development of
24 affordable housing; (2) for an employer-assisted housing
25 project, has as one of its purposes home ownership education;
26 and (3) for a technical assistance project, has as one of its

1 purposes either the development of affordable housing or home
2 ownership education; (ii) is organized for the purpose of
3 constructing or rehabilitating affordable housing units and
4 has been issued a ruling from the Internal Revenue Service of
5 the United States Department of the Treasury that the
6 organization is exempt from income taxation under provisions
7 of the Internal Revenue Code; or (iii) is an organization
8 designated as a community development corporation by the
9 United States government under Title VII of the Economic
10 Opportunity Act of 1964.

11 "Tax credit" means a tax credit allowed under Section 214
12 of the Illinois Income Tax Act.

13 "Technical assistance" means any cost incurred by a
14 sponsor for project planning, assistance with applying for
15 financing, or counseling services provided to prospective
16 homebuyers.

17 (b) A sponsor must apply to an administrative housing
18 agency for approval of the project. The administrative housing
19 agency must reserve a specific amount of tax credits for each
20 approved project. Tax credits for general operating support
21 can only be reserved as part of a reservation of tax credits
22 for an affordable housing project, an employer-assisted
23 housing project, or technical assistance. No tax credits shall
24 be allowed for a project without a reservation of such tax
25 credits by an administrative housing agency for that project.

26 (c) The Authority must adopt rules establishing criteria

1 for eligible costs and donations, issuing and verifying tax
2 credits, and selecting projects that are eligible for a tax
3 credit.

4 (d) Tax credits for employer-assisted housing projects are
5 limited to that pool of tax credits that have been set aside
6 for employer-assisted housing. Tax credits for general
7 operating support are limited to 10% of the total tax credit
8 reservation for the related project (other than general
9 operating support) and are also limited to that pool of tax
10 credits that have been set aside for general operating
11 support. Tax credits for technical assistance are limited to
12 that pool of tax credits that have been set aside for technical
13 assistance.

14 (e) The amount of tax credits reserved by the
15 administrative housing agency for an approved project is
16 limited to \$32,850,352 in State fiscal years 2022 and 2023 and
17 shall increase by 5% each fiscal year thereafter. The City of
18 Chicago shall receive 24.5% of total tax credits authorized
19 for each fiscal year. The Authority shall receive the balance
20 of the tax credits authorized for each fiscal year. The tax
21 credits may be used anywhere in this State. The tax credits
22 have the following set-asides:

23 (1) for employer-assisted housing projects, \$2
24 million; and

25 (2) for general operating support and technical
26 assistance, \$1 million.

1 The balance of the funds must be used for affordable
2 housing projects. During the first 9 months of a fiscal year,
3 if an administrative housing agency is unable to reserve the
4 tax credits set aside for the purposes described in subsection
5 (e), the administrative housing agency may reserve the tax
6 credits for any approved projects.

7 (f) The administrative housing agency that reserves tax
8 credits for an affordable housing project must record against
9 the land upon which the affordable housing project is located
10 an instrument to assure that the property maintains its
11 affordable housing compliance for a minimum of 10 years. The
12 Authority has flexibility to assure that the instrument does
13 not cause undue hardship on homeowners.

14 (g) Subject to appropriation, the Authority may award
15 State matching grants to sponsors who receive donations that
16 qualify for the tax credit allowed under Section 214 of the
17 Illinois Income Tax Act; the grant may not exceed the amount of
18 the tax credit claimed for the donation.

19 (Source: P.A. 102-175, eff. 7-29-21.)