

Lawmakers, Affordable Housing Advocates Join Labor In Push for New Tax Credit Legislation

by Ryan Keith

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SPRINGFIELD – Illinois' affordable housing shortages have reached crisis levels in Chicago and other communities, fueling needed public policy discussions about short-term and long-term solutions. State legislators and housing advocates say one important piece of the puzzle is the Build Illinois Homes Tax Credit, and they have a new, influential ally in organized labor.



The Illinois Housing Council has led the push in Springfield for the proposed state tax credit to drive new investment in affordable housing development, an issue that has new energy amid the migrant challenges facing Chicago and homelessness and under-housing growth elsewhere. The facts are staggering:

- Illinois now has one of the nation's highest housing deficits – with 64 percent growth in just the last decade
- 20 percent of our low-rent apartments have vanished since 2011
- Nearly 300,000 more affordable rental homes must be built to help those most in need across the state
- Illinois has invested \$225 million in federal funds since the pandemic into the development of affordable housing, but those federal funds have come to an end

Enter the Build Illinois Homes Tax Credit, as proposed in [Senate Bill 3233](#) by Sen. Robert Peters and [House Bill 4909](#) by Rep. Dagmara “Dee” Avelar. The legislation was introduced Wednesday at a Statehouse news conference by IHC leadership, the two legislators sponsoring the effort, and new support from the Laborers’ International Union – Midwest Region which runs the [Laborers’ Home Development Corporation](#) to build affordable housing in underserved communities.

“The Build Illinois Homes Tax Credit fits well with our mission to create more quality, reasonably priced housing for working families and seniors, and we call on our leaders in Springfield to make its passage a priority as we make a strong investment in affordable housing,” said Sean Stott, Director of Governmental Affairs for LiUNA-Midwest Region.

The tax credit mirrors the highly successful federal Low-Income Housing Tax Credit, which quickly runs out of money under high demand each year. The state credit would allow more affordable housing developments by giving developers credits to exchange with private investors to reduce mortgage debt and make the apartments more affordable for renters.

The best part? The proposed tax credit program limits the state's annual out-of-pocket cost for credits and is structured as a “pay-for-success” model: investors only receive credits after construction is complete and qualified tenants move in. Under the current grant programs the state runs, the state's costs are high up front, and developments can be put in jeopardy because of the uncertain nature of the year-to-year funding approach.

As proposed, the \$20 million annual program over six years would generate up to 1,150 affordable homes and apartments, more than \$650 million in economic benefits over a decade, and more than 7,000 jobs.

Advocates say the tax credit is a clear win as policymakers debate the difficult choices needed to address Illinois' housing crisis.

“When people know they can afford their rent and can meet all of their other basic needs, the burden in their lives eases tremendously, and it takes a huge strain off of our state social service support system,” said Allison Clements, Executive Director of the Illinois Housing Council that developed the Build Illinois Homes Tax Credit legislation. “Colorado, Georgia and Wisconsin all have seen tremendous benefits right away from their state affordable housing tax credits, and we know Illinois will see the same.

“Our bipartisan support sends a clear message: it’s time for Illinois to set a foundation for success for low-income families in Illinois through the Build Illinois Homes Tax Credit.”

“Illinois’ housing needs are significant, well-publicized, and only going to get worse unless we have a long-term, sustainable plan to address them. The Build Illinois Homes Tax Credit is essential to that long-term plan,” said Guacolda Reyes, Chief Development Officer of The Resurrection Project and IHC member. “We greatly appreciate the leadership of Rep. Avelar, Sen. Peters and our other champions in the Legislature who are working to not let the divisive politics of affordable housing issues cloud the need for a fiscally responsible tool for sustainable investments that will produce more housing, create jobs, strengthen communities and save Illinois taxpayers dollars today. Illinois needs affordable housing, and Illinois needs the Build Illinois Homes Tax Credit.”

Legislators sponsoring Build Illinois Homes Tax Credit bills said this is a need that simply cannot be met without more state investment.

“We have let the political rhetoric over housing needs overshadow the need for a long-term plan to consistently build up our housing stock. Any discussion of legislation and aid we provide this year must include the Build Illinois Homes Tax Credit,” said Sen. Peters, D-Chicago. “The credit will help us address the root causes of these difficult problems with the assurance the credit model protects taxpayers at every step along the way.”

“Families in my district and around the state of Illinois should not have to choose between paying their rent and getting their prescriptions filled, or feeding their families a good meal,” said Rep. Avelar, D-Bolingbrook. “With the Build Illinois Homes Tax Credit, they will not have to make these dire choices. When people come home knowing they have something left over after working hard to support their families, we all benefit.”