



## First Quarter 2002

### WNC Chairman Appointed Leader of National Housing Group

WNC's Chairman Will Cooper, Sr., has been appointed Vice Chairman of the Multi Family Council of the National Association of Home Builders (NAHB). The NAHB senior officers also appointed Cooper to Chairman with a term to begin 2003. Headquartered in Washington, D.C., the NAHB represents over 205,000 building industry professionals and is the largest association in the United States representing the housing industry.

Will Cooper, Sr., also serves on the Board of Directors and is a National Trustee of the Political Action Committee of the NAHB.

### Industry Victory: TAMs Overturned

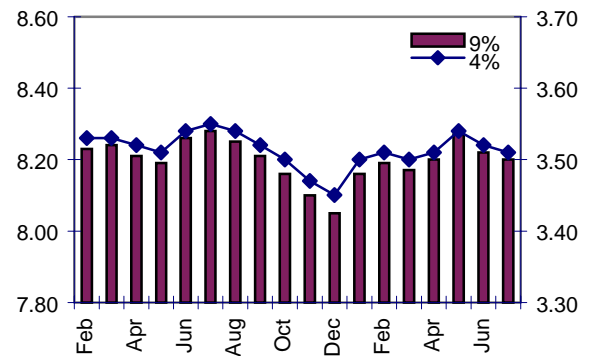
In February the IRS' Industry Issue Resolution overturned previous TAMs which stated that impact fees were not to be included in eligible basis. The IRS reasoned that impact fees are an indirect cost and that indirect costs are allocable to the property if the property directly benefits from their expenditure. Because impact fees are necessary in order for the project to proceed, the property is considered to have benefited from them.

On another front, H.R. 3324, a bill which states that impact fees and other costs may be included in eligible basis, is still pending in Congress. Some housing industry representatives are advocating passage of this bill in order to solidify the IRS position into law rather than department policy.

### Revenue Ruling Sought to Clarify First Year Computation of Tax Credit

Jerry Breed of Powell, Goldstein, Frazer & Murphy met with the IRS on behalf of the NAHB and NH&RA in March to clarify the first year computation of tax credits. This meeting stemmed from a recent conference in which Grace Robertson of the IRS low income housing tax credit audit division said that units placed in service must be occupied for the entire month in order to count as qualifying for tax credits. Industry representatives were surprised, as the industry has routinely been counting units as qualifying if the unit was occupied for

### 18-Month Trailing AFR



AFR for Apr. 2002

9% Credits      8.20%  
4% Credits      3.51%

only part of the month but the building had its Certificate of Occupancy for at least one month.

Although Mr. Breed cannot speak for the IRS, he feels that the meeting went well and is optimistic that the IRS will agree that a unit occupied only partially during the month can still be counted as qualifying. He has asked for a revenue ruling, which will set the standard for everyone in the industry, rather than a private letter which would bind only those individuals in question. Due to the official nature of a revenue ruling, it must undergo a rigorous writing and approval process; therefore, there is no date yet anticipated for a response from the IRS.

### WNC Expands New York Portfolio

WNC continues its expansion of its regional focus in New York with the acquisition of five properties. Two of the properties will be located in Manhattan, one in Brooklyn, and the last in the Bronx. Four of the properties are new construction, with the remaining fifth a rehabilitation project; all five will be designated for families. Consistent with WNC relationship philosophy, each of the properties are being developed by repeat developers (with whom WNC has partnered with in the past). WNC has acquired more than 600 units representing over \$76 million in assets in New York.

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