



July 2003

**WNC Acquires New York Tax Credit Property; Among Largest in Nation**

WNC is acquiring Schaefer Brewery Apartments, a 140-unit development in Brooklyn, New York. The project's tax credit allocation is \$41 million, one of the largest in the nation for 2003. Schaefer Brewery Apartments will be located adjacent to a 24-story for-sale condominium designed for an upscale market, at the site of the old Schaefer Brewery by the waterfront of the East River in the neighborhood of Williamsburg. It is part of the Schaefer Brewery Site Development project, a revitalization effort of the City of New York. When completed Schaefer will consist of one building with fifteen stories. Units will have solid oak hardwood floors and come furnished with a refrigerator, range and dishwasher. Schaefer will also include on-site parking and a community room. The apartments will be located close to the subway, restaurants, retail stores, a supermarket and convenience stores. When completed the entire project will include live security, a waterfront esplanade, and landscaped garden area. Building completion date is estimated to be January 2005. The project will provide a mix of one- to four- bedroom units to area residents with incomes 60% or less than the area median income. Consistent with WNC's relationship philosophy, the property is being developed by repeat developers (with whom WNC has partnered in the past).

WNC has acquired over \$277 million in assets in the New York and New Jersey area through its series of state funds in these states.

**Bush Signs Tax Cut; Tax Credit Unharmed in Final Version**

Amid sighs of relief from the housing tax credit industry, President Bush signed the Jobs and Growth Tax Relief Reconciliation Act of 2003. The final version, which was passed with Vice President Cheney's tie-breaking vote, did not include elimination of dividend taxes as originally planned, but instead taxes dividends at a 15% tax rate rather than at the taxpayer's ordinary income rate. Many low-income housing tax credit experts had feared that elimination of dividend taxes would make corporations perceive the tax credit as less desirable. Also deleted from the final version was a provision to repeal certain rehabilitation credits for older but non-historic buildings. Tax credits still cannot reduce alternative minimum tax (AMT), but AMT exemptions were also increased for 2003 and 2004. The AMT increases are set to expire in 2005, but industry professionals, including WNC founder Will Cooper, Sr., and the NAHB, are leading efforts to persuade Congress to either extend or even expand AMT relief.

**WNC to Acquire GP Interests/ Management**

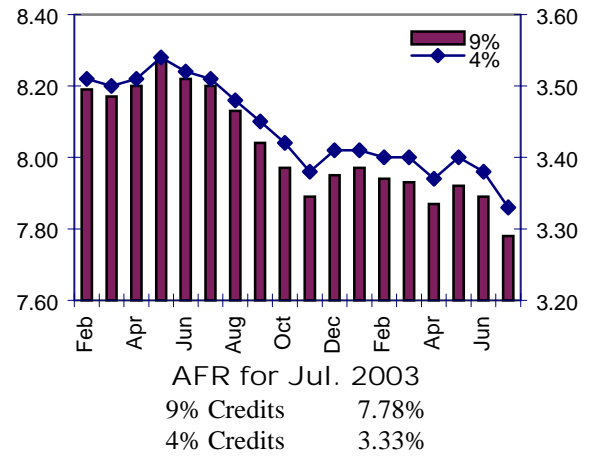
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**in Over 530 Units**

WNC Community Preservation Partners, a subsidiary of WNC Management, Inc., will acquire the general partner interests in and management of 530 apartment units this summer, 500 of which are in California. Acquisition of these apartments ties into WNC's long-term plan of providing an exit strategy for investors in older properties (pre- tax credit and tax credit properties placed in service in 1990 or earlier). After buying out the general partners in certain properties, WNC plans on forming new partnerships to buy out limited partners in these older properties by obtaining acquisition rehab credits or tax-exempt bonds under 4% credits. WNC has already gone full cycle on nine affordable rental properties and provided, on average, more than 100% of acquired capital back to investors in addition to tax benefits. With these acquisitions, WNC will control or manage over 1,650 units in the state of California.

**WNC Closes Georgia State Tax Credit Fund**

WNC recently closed WNC Georgia Tax Credits XXXII, an institutional state tax credit fund which acquired over \$7 million of Georgia tax credits. This is WNC's 24th state tax credit fund and continues WNC's leadership in offering state tax credit investments to reduce corporate state tax liability. The combined development cost of the three properties in this fund is approximately \$14 million. The federal credits associated with these properties have been acquired by separate WNC sponsored tax credit funds. WNC has closed over \$278 million in state tax credit investments in five states (CA, GA, MO, NC and NY) and was the first to offer and close a multi-investor, multi-property state tax credit fund in California in (1989) and New York (2002). For more information on state tax credits, please call Sy Garban at extension 160.