



July 2007

2530 Submission Policy Revised

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[Read more. . .](#)

The NHC [state and local housing preservation initiatives guide](#) provides a state-by-state summary of preservation initiatives.

IRS Warns Developers and Syndicators: Steer Clear of Special Group Housing

by Kristin Han, WNC Director of Compliance

At this year's National Council of State Housing Agencies' (NCSHA) Housing Credit Conference and Marketplace, Ms. Grace Robertson of the IRS warned against developments which are built for special social or occupational groups such as artists, teachers or farm workers.

[Read more. . .](#)

The IRS has [proposed changes to utility allowance regulations](#).

Harvard's State of the Nation's Housing Issued: State, Local Regulations Stymie Affordability

According to the Joint Center for Housing Studies of Harvard University, although rental demand has barely increased over the past decade, housing affordability remains a persistent problem.

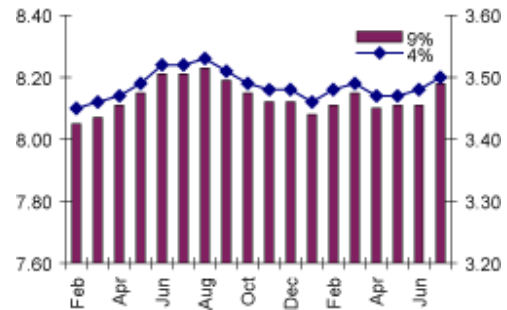
[Read more. . .](#)

WNC-developed Olean Townhomes received an honorable mention in the [13th Annual Charles L. Edson Tax Credit Excellence Awards](#).

Wilfred N. Cooper, Jr., Elected as NHC Trustee

Wilfred N. Cooper, Jr., President and CEO of WNC & Associates, has been elected to the National Housing Conference (NHC) Board of Trustees.

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4% Credits	3.50%

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UHF Gainesville in Gainesville, TX, is a 144-unit complex for families. Occupancy rate is well ahead of projected schedule.

Congratulations to WNC Eagle Award winner **Ben Cornejo**. WNC recognized Ben for his contributions to multiple departments over his six-year tenure.

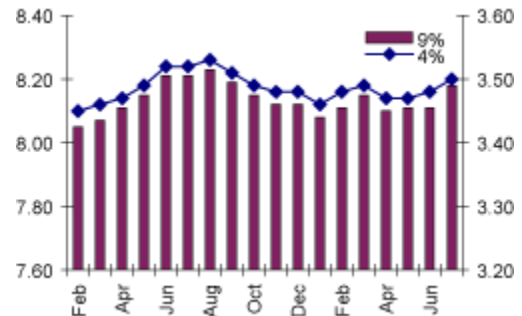
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2530 Submission Policy Revised

On June 18, President Bush signed the Preservation Approval Process Improvement Act of 2007 (H.R. 1675). The new law modifies the process of submitting Form 2530 (Previous Participation Certification), a form which requests information regarding previous participation in HUD multifamily housing projects. Limited liability corporate investors will no longer be required to submit the form. Parties who are still required to submit a 2530 may also now continue to file paper hard copies, rather than use the Active Partners Performance System (APPS), until technical issues are resolved. Developers and syndicators have experienced problems with APPS such as lost information, system freezes and inability to login.

HUD's stated purpose for Form 2530 is to evaluate whether or not participants have met certain standards for legal, financial and contractual obligations. However, passive investors had viewed the requirement as burdensome and unnecessary since they do not exert enough control over the property and are investing through a syndicator which is in turn required to file a 2530.

"Earlier this year Congress solicited WNC for suggestions for LIHTC improvement. This was one of the suggestions our investors voiced. We are pleased that Congress listened and that our investors are relieved of this time-consuming workload. In some cases investments were delayed," remarked Sy Garban, WNC Senior Vice President – Institutional Investment.



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IRS Warns Developers and Syndicators: Steer Clear of Special Group Housing

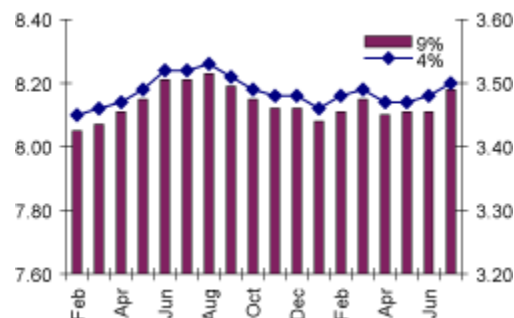
by Kristin Han, WNC Director of Compliance

At this year's National Council of State Housing Agencies' (NCSHA) Housing Credit Conference and Marketplace held in San Francisco, Ms. Grace Robertson of the IRS Examination Branch warned against developments which are built for special social or occupational groups such as artists, teachers or farm workers. Although many groups such as teachers or firemen are popular—and often needy and deserving of rental benefits—adding such eligibility requirements gives preference to some and at the same time excludes others. Such developments are subject to credit recapture with interest and penalties, due to failure to meet the minimum set-aside within the first year—even if states award credits to these developments.

LIHTC regulations require owners to determine eligibility of each household using two criteria - *income* and *full-time student status*. Although there are several preferences sanctioned with the code, the program does not permit implementing additional eligibility criteria. Exceptions to the general public use rule under the LIHTC program are SROs (single room occupancy) under the McKinley Homeless Assistance Act in providing transitional housing for the homeless and housing for elderly persons under the Housing and Urban Development program.

LIHTC projects must be available to the general public, and any such projects in violation of General Public Use Rule are reportable on Form 8823. A residential rental unit is for use by the general public if the property conforms to the requirements of Treas. Reg. § 1.42-9. Under Treas. Reg. 1.42-9(b) the general public use rules are violated any time the general public is denied access to LIHTC housing developments. Residential rental units which are either designated for a single occupational group or in which an occupational group is given preference also violate the general public use requirements.

In addition, LIHTC projects are also subject to Title VIII of the Civil Rights Act of 1968 and the Fair Housing Act of 1988, as amended, which makes it unlawful to discriminate in any aspect relating to the sale, rental, or financing of dwellings because of race, color, religion, sex, national origin, familial status and disabilities. Renting only to certain social or occupational groups may inadvertently lead to discrimination because doing so may exclude protected classes under the Fair Housing Act. Consequently, giving preference to a specific individual or group based on their occupation alone would be treated as a violation to these federally mandated laws.



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Ms. Grace Robertson of the Examination Branch of the IRS has firmly advised that regardless of the allocation of credits being awarded based on this preference and any terms of the financing requirements to cater to a particular group, an LIHTC development giving preference to a specific occupational group is in direct violation of the Section 42. Should the taxpayer wish to proceed with giving preference to a group not sanctioned with the code such as artists, the taxpayer is strongly advised to request a Private Letter Ruling from the Chief Counsel's office of the IRS, as the ultimate responsibility for achieving and maintaining full compliance falls with the taxpayer/owner.

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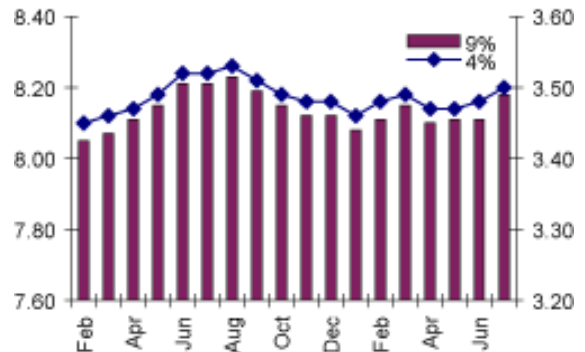
State of the Nation's Housing 2007 Issued: State and Local Regulations Stymie Affordability

According to the Joint Center for Housing Studies of Harvard University, although rental demand has barely increased over the past decade, housing affordability remains a persistent problem. Not only has the number of households which spend more than 50% of their income on housing increased, but the problem has worsened across the nation, indicated by rising percentages of low-income households facing severe cost burdens in 47 states.

With respect to rental units, the demographics of renters has changed. The recent housing boom attracted many middle- to higher-income renters to homeownership, resulting in a greater proportion of renters from lower-income households. In light of this new renter profile, in the future rental housing owners will need to address affordability issues.

There are multiple contributors to the affordability issue such as conversion of apartments to condos during the recent housing boom and lack of creation of middle-income jobs. One more directly controllable factor mentioned in the study, however, is state and local regulations. These regulations may limit land use/population density or impose impact fees which pose obstacles to development. This is especially true for housing targeted at extremely low-income households. The majority of such developments require multiple sources of financing, resulting in complex transactions.

Harvard's State of the Nation's Housing 2007 report may be downloaded at <http://www.jchs.harvard.edu/>.



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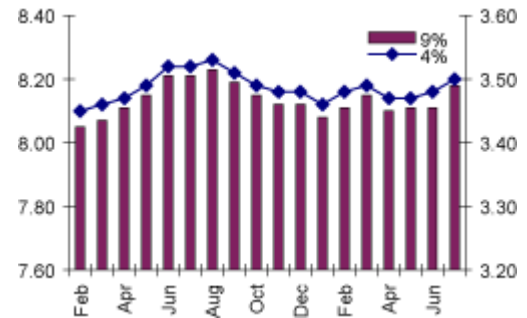
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Wilfred N. Cooper, Jr., Elected as NHC Trustee

Wilfred N. Cooper, Jr., President and CEO of WNC & Associates, has been elected to the [National Housing Conference \(NHC\)](#) Board of Trustees. As an NHC Trustee Mr. Cooper will actively participate in promoting the NHC's mission of creating the opportunity of decent housing for every American. In order to accomplish its mission the NHC Trustees pursue three main avenues of education and advocacy — 1) housing resources and incentives; 2) collaboration from public and private individuals and organizations (both profit and non-profit); and 3) program development which creates and preserves housing and promotes community economic development and individual self-sufficiency. Mr. Cooper will join the Trustee Board, alongside WNC Founder and Chairman of the Board Wilfred N. Cooper, Sr., who serves the NHC as a Lifetime Trustee. WNC has been an active member of the NHC since 1993.

"I am honored to represent affordable housing interests within this widely recognized organization," says Cooper. "I welcome the opportunity for WNC and myself to shape the future of affordable housing and affordable housing policy. At WNC we regularly survey and pay close attention to our customers—at both development and investment ends—so I am certain that I can bring a real-life perspective to many of the issues facing affordable housing today."

The NHC is a nationwide, nonprofit organization committed to nonpartisan affordable housing advocacy. The NHC membership includes representatives from government, non-profit and the corporate segments of affordable housing. Its affiliate, the Center for Housing Policy, promotes understanding of America's affordable housing needs thorough research and also studies the impact of housing policies and programs. The NHC recently celebrated its 75th anniversary.



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Newly elected NHC Trustee Wilfred N. Cooper, Jr., also WNC President and CEO.

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