

# WNC Credit FACTS

November 2011

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## WILL COOPER, SR. ENTERS AFFORDABLE HOUSING HALL OF FAME

In recognition of his pioneering work in the affordable and low-income housing industry, *Affordable Housing Finance* has inducted Wilfred N. Cooper, Sr. to its Hall of Fame. . . [Read more](#)

*The Council for Affordable and Rural Housing has updated its [Webmap Program](#), which maps low-income housing properties by county or congressional district.*

## WNC CLOSES \$10 MILLION NEW MARKETS TAX CREDIT FUND New Brunswick Wellness Plaza to Be Located in "Food Desert"

WNC has provided \$10 million in New Markets Tax Credit (NMTC) financing to Ferren Urban Renewal Associates, LLC for the development of the 1.6-acre New Brunswick Wellness Plaza in downtown New Brunswick, N.J. . . . [Read more](#)

*The IRS has released [Bulletin 2011-31](#) and [Bulletin 2011-34](#), which discusses suspensions of income limitations due to natural disasters in North Dakota and Alabama respectively.*

## HISTORIC TAX CREDITS: GO OR NO GO?

by Michael Byrd, WNC Originator, central states

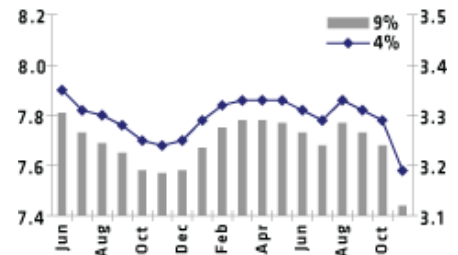
What factors make historic credit deals worth the additional time and expense?

. . . [Read more](#)

*HUD has released revised [2011 Income Limits](#).*

## ANIL ADVANI PROMOTED TO SENIOR VICE PRESIDENT - ACQUISITIONS; JOE DEGAETANO JOINS WNC AS ORIGINATOR FOR SOUTHEASTERN STATES

WNC & Associates has promoted Anil Advani to Senior Vice President - Acquisitions. . . [Read more](#)



### AFR for Nov 2011

9% Credits	7.44%*
4% Credits	3.19%

\*Under the Housing and Economic Recovery Act of 2008 there is a flat minimum percentage rate of 9% for 70% present value housing credit projects placed in service after July 30, 2008.

See [larger version](#) of this chart.



*Wilfred N. Cooper, Sr., Founder and Chairman of WNC & Associates and a 2011 Inductee into the Affordable Housing Finance Hall of Fame.*

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## WILL COOPER, SR. ENTERS AFFORDABLE HOUSING HALL OF FAME

In recognition of his pioneering work in the affordable and low-income housing industry, Affordable Housing Finance has inducted Wilfred N. Cooper, Sr. to its Hall of Fame. Cooper, Sr. is a recognized leader in the industry, having made the first affordable housing investment in the United States.

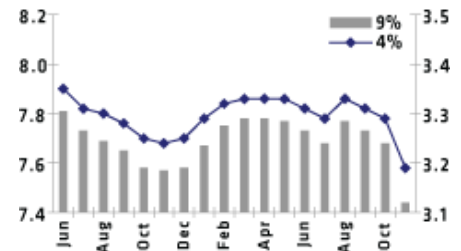
"My father played an integral role in establishing the industry at a time when most people had never heard of affordable housing," said Will Cooper, Jr., president and CEO of WNC. "His contributions have helped to provide safe and affordable housing for thousands of communities in need and laid the groundwork for the thriving affordable housing industry we see today."

Cooper, Sr. founded WNC & Associates in 1971 as one of the first affordable housing investors in the U.S., growing the firm's portfolio to more than \$5 billion in assets spanning more than 1,100 properties in 45 states. Additionally, WNC was one of the first companies to apply to and receive an allocation for New Markets Tax Credits (NMTC), a tax credit which encourages business development in economically stressed areas. WNC has been awarded four NMTC allocations to date, totaling \$178 million. WNC has facilitated the development of 12 NMTC low-income community projects.

As chairman of WNC's board of directors, Cooper, Sr. remains an advocate for the affordable housing industry, having testified before numerous Congressional committees. He has advocated for the establishment and advancement of Low-Income Housing Tax Credit (LIHTC) legislation and the Community Reinvestment Act and is trustee of the NAHB Build Political Action Committee.

*Affordable Housing Finance Magazine* created the Affordable Housing Hall of Fame in 2006 to recognize visionary leaders who have made significant and long-lasting contributions to the industry. Past inductees include Congressman Barney Frank and Nicolas Retsinas, director of Harvard University's Joint Center for Housing Studies. The award was presented at the Affordable Housing Developers' Summit at the Swissotel in Chicago.

*Affordable Housing Finance's* full story can be read online at <http://www.housingfinance.com/ahf/articles/2011/october/1011-coverstory-Housings-Champions.htm>.



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# WNC Credit FACTS

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## WNC CLOSSES \$10 MILLION NEW MARKETS TAX CREDIT FUND

### New Brunswick Wellness Plaza to Be Located in "Food Desert"

WNC has provided \$10 million in New Market Tax Credit (NMTC) financing to Ferren Urban Renewal Associates, LLC for the development of the 1.6 acre New Brunswick Wellness Plaza in downtown New Brunswick, NJ. The \$103 million project, to be located in a federally designated "food desert," will include the area's only full-service supermarket, a community fitness center and a 1,275-space public parking facility. The project will bring more than 700 jobs to the city.

A "food desert," which the location has been designated by the U.S. Department of Agriculture, is defined as an industrialized area lacking options for healthy, affordable food.

The 49,000-square-foot supermarket will be operated by The Fresh Grocer, a chain of grocery stores dedicated to providing quality, healthy food at affordable prices.

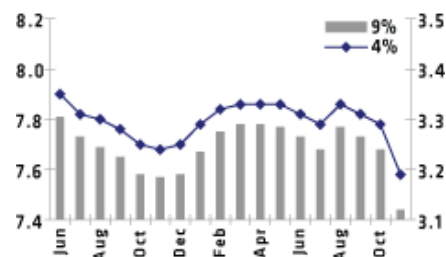
The 62,000-square-foot RWJ Fitness & Wellness Plaza will include state-of-the-art fitness equipment, an aquatic center and dance and fitness studios. The facility also will offer free preventative health and wellness-related community events to all local residents, including healthy cooking, diabetes management, obesity prevention, and parenting.

"The NMTC program was designed to bring favorable financing to low-income communities that do not have readily available access to capital," said David Shafer, executive vice president of WNC, who oversaw the development of the transaction. "WNC is honored to have participated in this very important development that will bring needed employment, health services and a full service supermarket to New Brunswick."

The Wellness Plaza will provide direct access to the New Brunswick Train Station, accessible from both local and regional bus routes. It is designed to strengthen connectivity among mass transit, jobs and housing; increase local economic activity; improve health and well-being; and enhance sense of place and community. Job projections for the development include approximately 350 direct construction jobs and approximately 370 permanent jobs for New Brunswick.

The developer, Ferren Urban Renewal Associates, LLC, is a partnership of New Brunswick Development Corporation, a non-profit development company, and Pennrose Properties, LLC, one of New Jersey's premier developers. NMTC allocations for the development totaled \$35 million and were funded entirely by Wells Fargo & Company.

The financing was arranged through WNC's Community Development Enterprise (CDE) WNC National Community Development Advisors, LLC. WNC collaborated



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The New Brunswick Wellness Plaza will be located in a federally designated "food desert" in New Brunswick, New Jersey.

with three additional CDEs to provide NMTC allocations totaling \$35 million for the project. The other CDEs are CityScape Capital Group, Empowerment Reinvestment Fund, and Wells Fargo Community Development Enterprises, Inc. Additional information is available at [www.cdfifund.gov](http://www.cdfifund.gov).

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## HISTORIC TAX CREDITS: GO OR NO GO?

by Michael Byrd, WNC Originator, central states

What factors make historic credit deals worth the additional time and expense? Let's look at four types of complications historic credit adds to a project.

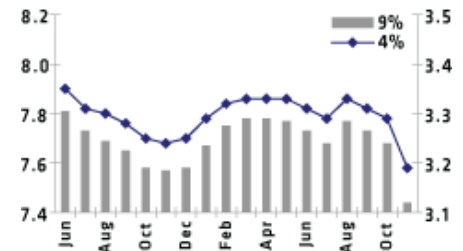
**Consultant cost:** The additional cost of legal, architectural and historic consulting fees is generally more onerous on smaller projects. It takes about the same effort (and cost) for a large project as a small one. Partnership formation, National Park Service (NPS) application expenses and historic-specific architectural fees are more lump-sum than graduated, so smaller deals suffer.

**Construction cost:** This is an area where good consultants really count. What kind of windows will be required by the State Historic Preservation Office (SHPO) and NPS? What will the interior renovation requirements be? How will energy conservation and historic preservation potentially be at cross purposes? Experienced architectural and historic consultant guidance is crucial to the feasibility of the credits. Relationships matter here since the review and approval of the credits hangs on the interpretation of the agencies involved. A knowledgeable consultant with good agency relationships can be the difference between credits being feasible or not. The initial premise of the historic tax credit was that it would offset the additional costs of historically appropriate renovation – more expensive windows, for example. So agencies will sometimes take a hard line on renovation quality where historic credits are being utilized, reasoning that additional cost should approach the additional benefit of the credits.

**Ongoing regulation:** This factor is relatively minor in and of itself as long as the building continues to be used as intended and is not modified without approval of the regulatory agencies. There is no ongoing reporting requirement, and recapture during the five-year compliance period is rare, so much so that one experienced consultant I spoke with never heard of a deal being subject to recapture. If the building is completely destroyed – including by *force majeure* (a hurricane, for example) – the credits would be subject to recapture due to the building no longer being in existence.

**Time and hassle:** Depending on the project location, the application, review and approval process can be time consuming and frustrating. In states with highly process-driven review staff, the additional time and energy may be the tipping point to pursuing the credits. In locations where review staff is more outcome-driven, there can be a more collaborative and flexible approach to applying for credits, where agency staff will consider more creative design and construction strategies to move a deal forward economically. Bringing an experienced consultant to the table and talking to other developers may be the best way to find out how challenging the review process will be for any given location.

The general rule of thumb is that a project has to be about \$5 million in total



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project cost or higher to justify the additional time and expense associated with securing the credits. State historic credits can, of course, make certain projects more feasible and bring this threshold down. But the type of structure, unique costs of historic construction and realities of working with individual agencies are all worth considering before making a decision to pursue historic credits or not.

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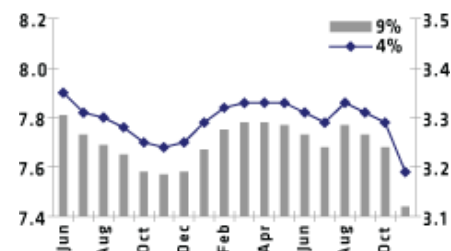
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## ANIL ADVANI PROMOTED TO SENIOR VICE PRESIDENT - ACQUISITIONS; JOE DEGAETANO JOINS WNC AS ORIGINATOR FOR SOUTHEASTERN STATES

WNC & Associates has promoted Anil Advani to Senior Vice President - Acquisitions. Mr. Advani will oversee the daily activity of WNC's Acquisitions Department in addition to his previous duties as Internal Counsel. He has also joined the WNC Acquisitions Committee, a five-member committee which reviews and approves all projects prior to admission into WNC's portfolio, currently valued at over \$5 billion.

Mr. Advani has 15 years of experience in affordable housing. Prior to joining WNC, he worked for a major tax credit syndicator where he was involved in the originations, structuring and placement of project partnerships to various corporate tax investors. He previously worked for the major accounting firms Reznick Group and Ernst & Young, performing due diligence of corporate tax credit investments on behalf of institutional investors. Anil earned his bachelor's degree in economics from the University of Texas at Austin and a *juris doctorate* from The American University - Washington College of Law.

Joe DeGaetano has also joined WNC as Vice President - Originations - Southeastern States. Joe brings with him 17 years of LIHTC experience. Mr. DeGaetano's broad experience includes positions at major LIHTC equity firms and city planning departments, serving in the originations, acquisitions and development departments. Mr. DeGaetano earned his master's degree in real estate development and his bachelor's degree in urban planning from Columbia University.



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Anil Advani, WNC Senior Vice President - Acquisitions and Internal Counsel.



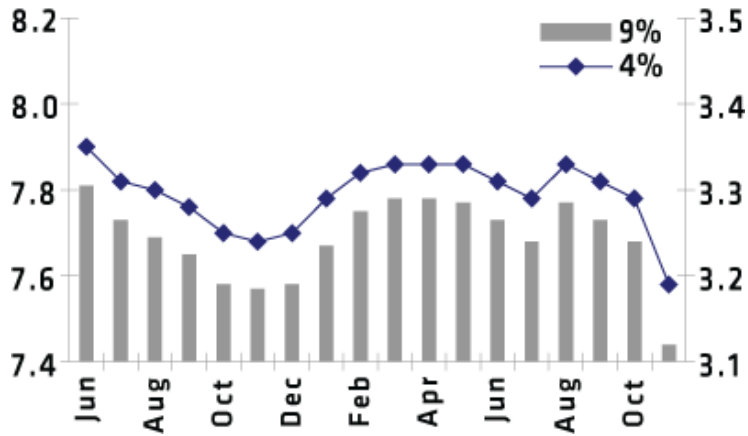
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## 18-Month Trailing AFR



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