GROWING FROM A SOLID FOUNDATION...
2012 WAS A YEAR OF SIGNIFICANT ACCOMPLISHMENTS FOR THE NHP FOUNDATION (NHPF). The solid growth trajectory we envisioned in last year’s annual report has been realized and we are pleased to share highlights from this past year with you.

By creating, rehabilitating, preserving, acquiring and developing affordable properties, we are growing the NHPF portfolio. We are particularly pleased with high occupancy rates across the portfolio as well as particular property enhancements in the New York, St. Louis, Washington, DC, Stamford, Connecticut and Orange, New Jersey markets.

Our resident services division—Operation Pathways—had another great year in its ongoing quest to create thriving communities for NHPF’s residents. NHPF has shown its support of these efforts through a major contribution to Operation Pathways’ 2012 funding. We thank the generous organizations who joined us in giving their support.

We are pleased with the continuing growth of our Affiliate Program under the new leadership of Jamie Smarr. The Virginia Affiliate—the Falls Church Housing Corporation—and the Washington, DC Affiliate—now known as the Roundtree Residences—continue to make great strides and meaningful improvements in the lives of their residents.

At the conclusion of the 2012 fiscal year, the handing over of the Chairman’s gavel to Ralph F. Boyd, Jr. marked a smooth and effective transition in board governance. It’s clear that Ralph is committed to growing a portfolio of affordable housing our tenants can take pride in. We are so pleased the 2013 fiscal year began under his leadership. Tom Carr, who is stepping down as Chairman, will remain as a Trustee. At the conclusion of this annual report, please read Ralph’s reflections on the path ahead for 2013 and beyond.

Looking forward, the market-driven threats to affordable housing in this country remain a looming crisis—not just for low- and moderate-income families and seniors but for our nation and its economic strength. For this reason and so many more, NHPF remains committed to our mission and grateful for your ongoing support.

Thomas Carr  
Chairman, Board of Trustees  
(THROUGH DECEMBER 2012)  

Richard F. Burns  
Chief Executive Officer
IN EARLY 2012, we acquired NHPF’s first property in New York City. Plaza Borinquen is an 88-unit townhome-style property in the Mott Haven section of the Bronx. The property is constructed on three separate sites in a one-block area. The majority of the units are three- and four-bedroom interlocking triplex apartments. Each has its own garden access and views of both the street and the courtyard. The property operates pursuant to a Project-Based Section 8 contract covering 66 of the units. During 2012, the Section 8 Contract was marked up to market and extended for a 20-year term. The majority of the non-Project Based tenants have Section 8 vouchers from New York City Housing Authority. We acquired the
The Borinquen Plaza transaction has led us to review several other acquisition opportunities in New York and New Jersey, and going forward, we are eager to grow NHPF’s presence in the New York metropolitan market.

We welcome the Plaza Borinquen tenants to the NHPF family.
AT THE CONCLUSION OF 2012, Ralph F. Boyd, Jr. was elevated by his colleagues to be Chairman of the NHPF Board of Trustees. Prior to being elected Chairman, Boyd served NHPF as a Trustee, Audit Committee Chair and member of its Investment Committee.

Following his appointment as Assistant Attorney General of the U.S. and his tenure as a Senior Litigation Partner at Alston & Bird, LLC, Mr. Boyd served as the Executive Vice President of Community Relations at the Federal Home Loan Mortgage Corporation (Freddie Mac) and President and CEO of the Freddie Mac Foundation.

Assuming the helm from outgoing Chairman Tom Carr, Ralph is the ideal choice to lead NHPF into the future.
THE STRENGTH OF NHPF’S BOARD LEADERSHIP also grew with the appointment of **Cherie Santos-Wuest** as a Trustee.

Santos-Wuest is the Principal Investment Officer for Real Estate for the Connecticut Retirement, Pension and Trust Funds, where she invests and manages in excess of $2 billion in real estate on behalf of the Connecticut State pension funds. She previously served as a Director in Global Social and Community Investments at TIAA-CREF, where she fostered and invested in sustainable real estate, clean-tech venture capital investments, and affordable housing.

Cherie’s background and knowledge are extremely valuable as NHPF strives to reach new affordable housing goals.
JAMIE A. SMARR joined NHPF in 2012 as Vice President of its Affiliate Program. He now leads NHPF’s efforts to work with local, nonprofit affordable housing organizations by offering finance, asset management, resident services, and fundraising support. With affiliate programs in place in Washington, DC and Falls Church, Virginia, NHPF is seeking to identify local partners in other at-risk housing markets.

Prior to joining NHPF, Smarr served as the Executive Director of the New York City Educational Construction Fund, engaging...
SMARR LEADS THE AFFILIATE PROGRAM

in public-private real estate development partnerships for the school system in the City of New York. During his earlier tenure as Director of Tax and Zoning Incentives for New York City’s Housing Preservation and Development Department, more than 1,500 units of low-income housing were created via public-private partnerships.

Under Jamie’s guidance, the Affiliate Program will expand to other markets where the critical need for safe and affordable housing remains unmet.
“I am very thankful for the N.O.W. Cafe for adults. I got the information I needed to finish my GED and help writing a resumé.”
—LAKEISHIA

PARTNERSHIP FOCUS

TAKING A LEADERSHIP POSITION among other multi-family affordable housing providers, NHPF has entered into an agreement to participate in the Housing Partnership Equity Trust REIT, a social venture real estate investment trust.

With initial capitalization of $100 million from the MacArthur Foundation, the Ford Foundation, Prudential Life Insurance and Citibank, the Housing Partnership Equity Trust (HPET) will own and operate multi-family buildings in partnership with 12 high-performing housing operators/members. HPET provides a ready source of long-term equity investment enabling its members to quickly and efficiently acquire apartment units across the
country and preserve them as affordable housing.

In addition to NHPF as a founding member, HPET’s other nonprofit members include AHC Housing, Inc.; BRIDGE Housing Corporation; Chicanos Por La Causa; Community Preservation and Development Corporation; Eden Housing; Hispanic Housing Development Corporation; Homes for America, Inc.; LINC Housing Corporation; Mercy Housing; Nevada HAND, Inc.; and NHT/Enterprise Preservation Corporation.

This new partnership will allow NHPF to find opportunities to offer lower rents while building our balance sheet and expanding our mission in a streamlined way.
FOCUSED ON THE PORTFOLIO

BUILDING ON THE OPERATIONAL IMPROVEMENTS achieved in 2011, NHPF’s asset management remained on target in 2012. The portfolio ended the year with a weighted occupancy of 95%. In addition, the overall portfolio’s financial performance stabilized with portfolio-wide debt service coverage of 1.32. NHPF’s rental properties collectively distributed cash in excess of $700,000, helping fund NHPF operations.

Fiscal Year 2012 marked the successful rehabilitation and lease-up of 300 affordable multi-family units in Orange, NJ. In December

“The community center makes math and reading become creative and more exciting for kids.”
—MS. SONIA
2012, we also began the rehabilitation of 200 units in Stamford, CT and neared completion of 91 units of new senior housing in Washington, D.C., with occupancy beginning in 2013.

During this past year NHPF also made strides in the “greening” of our portfolio, completing energy conservation retrofits on properties in Atlantic City, NJ and Falls Church, VA.

NHPF looks forward to continuing our mission of providing high quality, well-maintained, and energy efficient affordable housing across our portfolio.

“The fitness center is a good reminder for me to stay in shape and try and become more healthy.”

—GREGORY
FOCUSED ON OUR RESIDENTS

“I like the community center because I learn a lot, I have fun with my friends, and I love my teachers.”
—TAJANIQUE

IN IDENTIFYING THE BUSINESS PRACTICES that make NHPF an industry leader, the work of Operation Pathways cannot be understated. Readers are invited to learn more by reading the separate annual report for Operation Pathways, NHPF’s resident services program.

In summary, the program continues to grow and expand, offering residents valuable resources to improve their health and wellness, educational opportunities, financial literacy, and
so much more. After-school programs, summer camps, youth advocate programs, health fairs, diabetes workshops, career corners, Earth Day greenhouse construction, tax return preparation assistance—the Operation Pathways’ initiatives in 2012 were as diverse as the communities they serve.

Special kudos to the resident services teams at Atlantic City Townehouse and Foxwood Manor. Facing the extraordinary challenges of mandatory evacuation, food shortages, and power outages, residents at both properties received unwavering and indispensable support from Operation Pathways staffers during and after the devastation of Superstorm Sandy in 2012.

These programs would not be possible without the generous support of many funders. We remain committed to Operation Pathways’ continued success in helping our residents achieve full and rewarding lives.
FINANCIAL PARTNERS

Amerigroup Corporation  
Amerigroup Foundation  
Archdiocese of Philadelphia  
AT&T Foundation  
Bank of America Merrill Lynch  
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Bottom Dollar Food Store  
Bucks County Food Bank  
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Greater New Orleans Foundation  
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Louisiana Housing Finance Agency  
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NAHMA Educational Funding  
NeighborWorks America  
New Jersey Housing and Mortgage Finance Agency  
New Jersey Shares  
New York Acquisition Fund  
New York City Department of Housing Preservation & Development  
Pennsylvania Housing Finance Agency  
Philabundance  
PNC Bank  
Prince George’s County  
Prudential Financial  
Qatar Katrina Fund  
Renew Our Music Fund, Inc.  
Sam’s Club  
SBC Foundation  
Sharp’s Landscaping, Inc.  
Sodexo Remote Sites  
State of Louisiana/OFFICE OF COMMUNITY DEVELOPMENT/Disaster Recovery Unit  
St. John’s Community Foundation, Inc.  
Suntrust United Way Campaign  
Texas Department of Housing & Community Affairs  
The David and Minnie Berk Foundation  
The Ford Foundation  
The Frost Foundation  
The John D. and Catherine T. MacArthur Foundation  
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The Wachovia Foundation  
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Chairman and Chief Executive Officer
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Transactions and Asset Coordinator

Paul A. Mhoon
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Teresa A. Turner
Assistant for Development, Fundraising

Dawn M. Vincelli
Administrative Director
FOCUSED ON PRESERVATION, EXPANSION, AND GROWTH...

2012 SAW THE PUBLICATION of a significant article by NHPF’s CEO Dick Burns. In it, he forecasted challenges that will face our industry for years to come. Titled “The Looming Crisis in Affordable Rental Housing (The two sides of the multi-family demand coin),” the full article can be found at www.nhpfoundation.org and reads in part:

“The looming crisis in affordable housing impacts the country sociologically, politically and economically. Without additional capital for the preservation of existing properties and investment in new development, the severe shortage of affordable housing is only going to get worse.”

This annual report has cast a spotlight on many of the ways we plan to face those challenges. One that merits additional attention is the creation of The NHP Foundation-Urban Atlantic Fund I LLC (the Fund). Through an agreement with NHPF and Urban Atlantic executed in 2012, a major bank has agreed to make initial capitalization of $49 million available to the Fund to acquire, hold, sell, dispose of and deal with interests in multi-family projects qualifying both as public welfare investments and affordable housing. NHPF and Urban are co-investors in the Fund. Along with Urban Atlantic, NHPF has developed an extensive acquisition pipeline and have already gone to contract on a number of properties to be financed through the Fund.

Going forward, the Fund—as well as the Housing Partnership Equity Trust REIT mentioned earlier in this report—will both play significant roles in our ability to streamline and accelerate the work we do in support of NHPF’s mission. Through these types of sophisticated and innovative funding vehicles, we are better armed against the “Looming Crisis” Dick has described as facing our industry, our nation, and our neighbors in need.

Ralph F. Boyd, Jr.  
Chairman, Board of Trustees

Richard F. Burns  
Chief Executive Officer

EFFECTIVE JANUARY 2013
OUR MISSION

The NHP Foundation is a nonprofit organization dedicated to making investments that preserve and create affordable multifamily housing for low- to moderate-income families and seniors while providing a comprehensive array of programs and services to enhance the quality of life for its residents.