“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.”

—RICHARD F. BURNS, CEO, THE NHP FOUNDATION
IN REFLECTING on the accomplishments of FY 2013, The NHP Foundation (NHPF) clearly demonstrated we have an expanding and valuable role to play in the preservation and creation of affordable housing in this country to address the housing crisis.

What made FY 2013 significant was how the NHPF team pursued that mission. We didn’t just work harder. We worked smarter.

In one clear example of working smarter, NHPF operations continued to become more energy efficient. Last year we reported on the ongoing greening of the NHPF portfolio, particularly the energy-conserving retrofits in the Atlantic City, New Jersey and Falls Church, Virginia properties. With the March 2013 opening of Roundtree Residences in Washington, DC, the commitment to greening our portfolio continues. The property meets the energy-efficient standards of an Enterprise Green Community—including a solar array, a partial green roof, and many other energy-saving features.

We are moving forward with efforts like these in the rehabilitation of other NHPF properties, and dedicate this annual report to the greening of our portfolio.

The NHPF portfolio grew with the addition of five very attractive acquisitions. We invite you to read about Pepper Tree Manor in Houston and four Maryland properties we also want to highlight here.

Working in partnership with Urban Atlantic and PNC Real Estate—nationally recognized leaders in the development of affordable real estate—together we launched a $50 million equity fund in June 2012 to address smartly and powerfully the growing shortage of affordable housing.

With financing from the new NHP Foundation-Urban Atlantic Fund I, LLC, NHPF has acquired four significant Maryland properties. They are Bolton North in Baltimore’s historic Bolton Hill neighborhood, and three Prince George’s County communities—Holly Spring Meadows, Capital Courts, and The Woods at Addison.

The NHPF resident services program, Operation Pathways, continues to be the cornerstone of what makes an NHPF property more than just bricks and mortar. An NHPF community is more than affordable housing to its resident families and seniors. It is a welcoming place to call home. We invite you to learn more in the separate annual report focused solely on Operation Pathways and the difference it makes in residents’ lives.

In this report, we hope you enjoy reading about the highlights of this past year, how they have benefited the residents in the NHPF family, and how they have produced results that address the looming crisis in affordable housing.

Ralph F. Boyd, Jr. Richard F. Burns
Chairman, Board of Trustees Chief Executive Officer
NHPF’s Affordable Multifamily Portfolio enjoyed another successful year in 2013. The portfolio proudly maintained a weighted physical occupancy of 96% throughout the year. The portfolio’s financial performance was very stable with an overall debt service coverage of 1.57. NHPF’s properties collectively contributed more than $1 million to fund NHPF’s operations.

During 2013, the NHPF portfolio grew by more than 1,100 units, expanding its reach into Houston, Texas and entering Maryland’s Baltimore City and Prince George’s County. NHPF substantially completed the rehabilitation and lease-up of 200 affordable multifamily units in Stamford, Connecticut and completed the construction and lease-up of 91 units of new senior housing in Washington, DC. Rehabilitation also started on 252 affordable multifamily units in Glassboro, New Jersey and 384 units in Boynton Beach, Florida in 2013. We are planning to begin rehabilitation of over 600 additional units in 2014.

In 2013, NHPF continued its commitment to greening its portfolio and committed to participate in Better Buildings Challenge under the US Departments of Energy and Housing and Urban Development. The NHPF goal is to meet this Challenge by reducing our energy consumption across our portfolio by 20% by 2020. All of our property rehabilitations are completed according to the Enterprise Green Communities® energy-efficiency standards. NHPF remains committed to providing high quality, well-maintained, and energy-efficient affordable housing across our portfolio.

As part of the Better Buildings Challenge, multifamily housing partners showcase innovative strategies to boost energy efficiency, including lighting improvements, heating and cooling system upgrades, installing rooftop solar systems and supporting new financing for energy retrofits and green construction. NHPF will share best practices and lessons learned with other Challenge participants—creating models for the broader US multifamily housing industry.

“As part of the Better Buildings Challenge, multifamily housing partners showcase innovative strategies to boost energy efficiency.”
NHPF CONSIDERS EVERY OPTION to improve the environmental sustainability of our portfolio. These cost-effective practices lower operating costs while increasing the resources available for residential services and the greening of the portfolio.

In carrying out due diligence before acquiring a property, NHPF commissions an energy audit. The audit process reveals what sustainable energy features need to be incorporated into the renovation plan, and what savings can be realized. Energy audits enable us to lower future utility costs compared to the average spending for similar multifamily buildings in the local area.

NHPF also ensures that with each property it acquires—and with each renovation it undertakes—energy and other resources are conserved. High-efficiency appliances are purchased. Outdated plumbing is replaced with low-flow plumbing fixtures such as faucets and shower heads. Energy-saving double-pane insulated window are installed.

All of these ingredients contribute to the NHPF green-building recipe. The result is environmental responsibility, cost-efficiency, and adherence to Enterprise Green Communities® energy-efficiency standards.

Greening Our Portfolio
2013 saw the addition of six properties to the NHPF portfolio, creating more than 1,100 units of affordable housing under the NHPF umbrella. These acquisitions are in both urban and suburban settings, serving both seniors and families.

**PEPPER TREE MANOR**

*Attractive and Affordable New Housing for Houston Seniors*

Pepper Tree Manor is comprised of 250 units providing affordable living for seniors on 15 manicured acres. Pepper Tree Manor has 125 1-bedroom units and 125 2-bedroom units, each featuring granite countertops, 9-foot ceilings, crown molding, and energy-efficient features. The community offers a lap pool, a community vegetable and flower garden, fitness center, fully equipped business center, library, clubhouse, and entertainment areas.

**TOTAL COST**

$8,182,247

**SECURED FINANCING**

- **$3,950,000** PNC BANK FIRST MORTGAGE
- **$380,247** SELLER FUNDS
- **$3,852,000** TDHCA 2ND MORTGAGE (NSP) FUNDS
HOLLY SPRING MEADOWS
Transit-Oriented Property

Holly Spring Meadows, in Forestville, Maryland, is a superior, affordable multifamily property. Its secluded entrance leads to an attractively landscaped, garden-style community. Composed of 224 1-, 2-, and 3-bedroom units, Holly Spring Meadows features 24-hour security and maintenance services and on-site public transportation in a comfortable and well-lit environment.

TOTAL COST
$20,607,970

SECURED FINANCING
$14,430,000  PNC BANK
$6,177,970  NATIONAL HOUSING PRESERVATION FUND

CAPITAL COURTS
A Highly Visible Garden Apartment Community

Capital Courts, in Maryland’s Capitol Heights, offers a great location and spacious apartments. The property is in excellent condition, with all-new thermal windows, kitchens, roofs and furnace units. It features controlled-entry buildings, on-site laundry facilities, a playground, off-street parking, and a swimming pool. The 200 units vary in size from 1-3 bedrooms and offer central heat and air conditioning, private patios or balconies, and spacious closets.

TOTAL COST
$18,253,724

SECURED FINANCING
$12,800,000  PNC BANK
$5,453,724  NATIONAL HOUSING PRESERVATION FUND
THE WOODS AT ADDISON
Convenience in a Great Location

The Woods at Addison, in Maryland’s Capital Heights, offers beautiful garden apartments minutes from shopping and the Washington DC Metro. The property includes a pool, picnic area, playground, and controlled-access entry. The apartments provide on-site management and 24-hour maintenance. The 225 units include spacious 1, 2 and 3-bedroom floor plans, new thermal windows, wall-to-wall carpeting, modern kitchens, private balconies/patios & large closets.

TOTAL COST
$20,198,569

SECURED FINANCING
$14,140,000  PNC BANK
$6,058,569  NATIONAL HOUSING PRESERVATION FUND

BOLTON NORTH
Senior Housing in Baltimore’s Historic Bolton Hill Neighborhood

Bolton North is a 209-unit high-rise near Baltimore’s Inner Harbor. All units but one are 1-bedroom apartments. Each unit features its own balcony, wall-to-wall carpeting, individually controlled heating and air conditioning units, well-equipped kitchens, and emergency call buttons with 24-hour monitoring. The building’s amenities include a community dining room, game room, TV lounge, central laundry facility, and a spacious courtyard.

TOTAL COST
$23,180,012

SECURED FINANCING
$15,875,064  PNC BANK
$7,304,948  NATIONAL HOUSING PRESERVATION FUND
Building Communities

THE ROUNDTREE RESIDENCES

SIXTEEN MONTHS after an inspirational ground-breaking in Washington, DC’s Ward 8, The Roundtree Residences opened in March 2013. Ninety-one units of affordable housing for seniors, provide residents in historic Anacostia with modern, sustainable housing they are proud to call home. Its amenities enrich the community and honor its namesake, the acclaimed civil rights activist Reverend Dovey Johnson Roundtree, The Roundtree Residences are a modern landmark of innovation. This project was made possible by a diverse development team, committed local talent, and city and federal financial backing—uniting to achieve immediate and long-lasting community improvement.
SUSTAINABLE PROPERTY CASE STUDY: BAYVIEW TOWERS

NHPF undertook the $12.5 million rehabilitation of Bayview Towers, located in downtown Stamford, Connecticut. Funding partners included the Connecticut Housing Finance Authority, PNC Bank, and Connecticut Light and Power, with assistance from the Hartford HUD office. Energy efficiency and sustainability were primary considerations throughout the rehabilitation project.

High- to moderate-flow plumbing fixtures were replaced with the low-flow variety. Lighting, appliances, and air conditioning units were all replaced with energy-efficient models. The original single-pane windows were replaced with insulated double-pane windows. In addition, the property’s roof was replaced with additional insulation, helping to keep the effects of the weather on the outside and residents’ energy costs down.

TOTAL COST
$36,450,000

FINANCING
SECURED FINANCING AND FUNDING FOR THIS PROJECT INCLUDE:
$15,550,000  CONNECTICUT HOUSING FINANCE AUTHORITY
             TAX-EXEMPT BONDS
$10,900,000  DEFERRED SALE PRICE
$7,000,000   FEDERAL LOW-INCOME HOUSING TAX CREDIT EQUITY (LIHTC)
$1,150,000   EXISTING PROPERTY RESERVES
$800,000    INTERIM INCOME
$550,000    DEFERRED DEVELOPER FEE
$500,000    CONNECTICUT HOUSING TAX CREDIT CONTRIBUTION (HTCC)
             FROM CONNECTICUT LIGHT AND POWER
$62,000      PER UNIT IN HARD CONSTRUCTION COSTS
IN 2013, OPERATION PATHWAYS, NHPF’s resident services division, grew its program offerings and increased resident participation, bringing measurable quality-of-life improvements to more than 3,500 residents.

The past fiscal year saw the expansion of meaningful resident service initiatives including:

- The Pathway to Work Summer Internship Program, designed to help young people gain employment skills and increase their knowledge of managing finances;

- Afterschool programs incorporating NHPF’s own Virtual Vacation and Exploration Station curricula with small group learning activities;

- Tax return preparation workshops like the Bucks Back program, which resulted in more than $800,000 in tax refunds for the residents of Foxwood Manor and their Levittown, Pennsylvania community; and

- Tutoring and mentoring partnership programs like the one created with Louisiana State University to benefit the residents of Magnolia Trace and Copper Ridge in Baton Rouge.

We invite you to learn more about these programs and their measurable results, and the well-deserved awards and recognitions given to NHPF’s resident services professionals, contained in the Operation Pathways’ Annual report.
Funding Partners

STREAMLINING THE FINANCING PROCESS

NHPF, URBAN ATLANTIC, AND PNC REAL ESTATE formed NHP Foundation-Urban Atlantic Fund I and acquired four Maryland properties. Launched in June 2012, this $50 million equity fund was created in response to the growing shortage of affordable housing. To date, it has preserved approximately 1,000 units, providing more than 2,200 residents in Baltimore and Maryland’s Prince George’s County the opportunity to experience quality, safe, and affordable housing.

The Fund’s mission is to identify and preserve affordable housing developments that are both sound investments and important components of the social fabric in their broader communities.

With this new Fund, as well as the previously launched Housing Partnership Equity Trust REIT, NHPF and its funding partners have valuable tools to fight against the “looming crisis in affordable housing.” Having these funding streams in place allows us to move smartly and quickly when opportunities arise in the acquisition pipeline.
THE STRENGTH OF NHPF’S BOARD LEADERSHIP grew with the appointment of Ellis B. Carr as a Trustee. Carr is the Chief Financial Officer for Capital Impact Partners. In that capacity he formulates and executes the firm’s financial road map, capital base expansion, and investor relations. With more than 14 years of experience in financial services and mortgage sectors, Carr provides overall direction for accounting, tax, insurance, budget and treasury functions for Capital Impact Partners. He previously served as a senior director in the Single Family Business Unit CFO Area of Freddie Mac, providing financial planning, performance measurement and risk assessment information to the leadership team. He also served as Freddie Mac’s strategic director of its finance transformation office and manager of investments and capital markets, among other positions. This depth of experience has given Ellis Carr a unique understanding of transactions related to housing and community development. His background and knowledge are extremely valuable as NHPF strives to reach new housing goals, and we’re honored he has joined the NHPF Board of Trustees.
Financial Partners

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AMERIGROUP FOUNDATION
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AT&T FOUNDATION
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BEST BUY
BOTTOM DOLLAR FOOD STORE
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BUCKS COUNTY FOOD BANK
BUCKS COUNTY OPPORTUNITY COUNCIL
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CITIGROUP FOUNDATION
CITY OF FALLS CHURCH
CITY OF FALLS CHURCH CDBG
CITY OF FALLS CHURCH COMMUNITY SERVICE FUND
CITY OF ORANGE, NJ
CMQ FLOORING
COLUMBIA BAPTIST CHURCH
DARIEN COMMUNITY FUND
DEL VALLEY MENTAL HEALTH / FOUNDATIONS COMMUNITY PARTNERSHIP
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DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY
DOLLAR GENERAL LITERACY FOUNDATION
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FOOD BANK OF SOUTH EAST JERSEY
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HERON FOUNDATION
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NEW JERSEY SHARES
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PHILABUNDANCE
PNC BANK
PRINCE GEORGE’S COUNTY
QATAR KATRINA FUND
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Administrative & HR Director
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.