



Building Affordable Homes and Strong Futures



Affordable Rental Housing

Services for Residents

Affordable Homeownership Opportunities

Property Management Services

Progress Report 2008/2009

AHC HAS 32 AFFORDABLE PROPERTIES IN THE MID-ATLANTIC REGION.



“AHC is an effective and dependable County partner in helping the community achieve safe, attractive, and affordable housing. This organization understands the concept of “total living.” I commend this organization for all it does to make Arlington a better place to live.”

- Barbara Favola, County Board Chairman, Arlington, VA

“Baltimore is committed to providing vibrant neighborhoods with quality affordable housing, and we are proud to partner with Greater Baltimore AHC to successfully transform projects into homes that not only are welcoming and warm, but also help improve the community as a whole.”

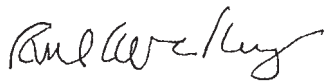
- Sheila Dixon, Mayor, Baltimore, MD

AHC WAS FOUNDED IN 1975 to provide high-quality affordable housing for families with limited incomes. Realizing it takes more than bricks and mortar to ensure a successful future, AHC has broadened its approach—and its services—over the years to help residents build a strong foundation.

Today, AHC's extensive services include new construction and renovation of affordable apartments; homeownership opportunities for low- and moderate-income individuals; affordable mortgage services and loan programs; renovation and repair services for homeowners; and a variety of onsite educational services for residents, including after-school programs, tutoring and adult workshops.

This annual report highlights the many ways AHC is helping families overcome their challenges and reach their dreams. We sincerely appreciate the support of all our partners, donors, and volunteers. With your help, we can make a lasting difference in the lives of hundreds of families and children in our community.

Sincerely,



Paul LeValley
Chairman of the Board



Walter D. Webdale
President and CEO



Cover photograph of The Shelton courtesy of Bonstra | Haresign ARCHITECTS;
Photography by Anice Hoachlander

Affordable Rental Housing

DEVELOPING INNOVATIVE GROWTH STRATEGIES

AHC is committed to providing top-quality, affordable housing throughout the mid-Atlantic region. In 2008-2009, AHC acquired, renovated or constructed more than 1,900 apartments—1,670 affordable and 239 market rate. As the economic climate and real estate environment have become more challenging, AHC has responded innovatively, including:

Creative Development

In Arlington, AHC developed a former parking lot behind an existing affordable apartment complex with twin nine-story buildings—The Frederick with 108 affordable units and The Park at Courthouse with 94 market-rate condominiums.

Historic Renovation

Built in the 1930s, the Gates of Ballston received national recognition for the project's renovation design, community collaboration and historic integrity. The 464-unit garden community also includes a brand new 10,000-square-foot community center.

Community Revitalization

As one of the first new construction projects in the Nauck community, the 94-unit Shelton is jumpstarting the area's revitalization plan. With an open central courtyard and playground, the building also includes a spacious community center.

Innovative Partnerships

Through a new partnership with Montgomery County, Maryland, AHC purchased new construction condominiums and turned them into top-quality, long-term affordable rental housing.

Gates of Ballston Community Center, a 10,000-square-foot complex, features bright classrooms, a welcoming great room with fireplace and kitchen, and offices for local community organizations.



The Frederick, a nine-story affordable apartment building with a vibrant community center and a preschool, mirrors The Park at Courthouse, a market-rate condominium building developed in a joint venture with a for-profit partner.

Photograph courtesy of Harkins Builders

In the last decade, AHC has grown from **13** to **32** properties providing homes for more than **4,100** families.



“We appreciate AHC’s design sensibility, business and political acumen, and team orientation. They bring technical and operational expertise to our projects. As a result, our AHC projects provide attractive, well-designed, affordable housing standing up to our market-rate work.”

- David Haresign, Bonstra | Haresign ARCHITECTS

“Together, AHC and Montgomery County implemented an innovative strategy for affordable rental housing—acquiring new construction condominium units and committing them as long-term rental housing. AHC is also helping us to address the foreclosure crisis by acquiring foreclosed homes, renovating them and re-selling them to income-qualified households.”

- Rick Nelson, Director, Department of Housing and Community Affairs, Montgomery County, MD

The Shelton, with 94 affordable apartments and numerous family-friendly amenities, is a cornerstone of the Nauck neighborhood revitalization plan.

Bonstra | Haresign ARCHITECTS; Photography by Anice Hoachlander

Greater Baltimore AHC

REVITALIZING HOMES AND NEIGHBORHOODS

Greater Baltimore AHC opened in 2002 to address the need for more affordable housing in the Baltimore region. Since then, GBAHC has developed five properties, preserving more than 1,000 affordable apartments. The 2008-2009 Baltimore projects are:

Building Community

With 139 section 8 apartments scattered throughout 80 historic row houses, the Barclay Greenmount renovation breathed new life into a neighborhood in transition. A new resident services program is also helping build community.

Improving Senior Housing

Two of GBAHC's current projects are extensive housing renovations for low-income seniors. The completed properties, MonteVerde and Kirkwood House, will provide more welcoming common areas, plus new appliances, heating and air conditioning systems, windows, roofs, kitchens, baths, and activity lounges.



Barclay Greenmount included extensive renovations of 139 apartments in historic row houses.

2008-2009 PROJECT OVERVIEW			
New Construction	Location	Affordable	Market Rate
Brook Run	Richmond, VA	120	
The Frederick	Arlington, VA	108	
The Park at Courthouse	Arlington, VA		94
The Shelton	Arlington, VA	94	
Renovation Projects			
Barclay Greenmount	Baltimore, MD	139	
Carousel Court	Fairfax, VA	90	
Gates of Ballston	Arlington, VA	357	107
Hollybrooke III	Fairfax, VA	50	
Westover	Arlington, VA	115	38
New Acquisition			
Ashmore at Germantown	Germantown, MD	35	
Kirkwood House	Baltimore, MD	261	
MonteVerde	Baltimore, MD	301	
Total		1,670	239

COMING SOON!

AHC has two construction projects underway in Arlington: The Jordan, which will provide 90 affordable apartments near the Ballston metro station, and The Macedonian, a 36-unit project in the Nauck neighborhood.

Ethel Lee, Baltimore resident

Ethel Lee, 76, has lived in the two-building, 13-story MonteVerde for more than 20 years. Now semi-retired from her nursing career, Ms. Lee still works with the Department of Health and Mental Hygiene. A Baltimore native, she also helps run her nearby church's food pantry.

Ms. Lee is delighted with the building's extensive renovations. "The building had deteriorated," she explains. "The apartments are all new now—new AC, new heat, water systems, kitchens, bathrooms, bedrooms and dining rooms. The bathrooms are excellent, cabinets and everything. It's a nice lift and gives it a new face."

She is also pleased with the new common areas, particularly the much brighter hallways and the new entry that unites the two buildings and provides a more welcoming entrance. Many of her neighbors feel the same way and put together a thank you luncheon for the workers who helped with the project. Why take on such a big gathering? "I think they did a very good job and were very courteous," she says simply.



GBAHC is renovating more than **700** affordable apartments in several different Baltimore City neighborhoods.

MonteVerde, with 301 apartments for seniors and non-elderly disabled, is being completely transformed and updated.



"Affordable housing is a major priority for our city and state. GBAHC's projects provide that for many residents. What a great addition the renovation of MonteVerde is to our community."

- Catherine E. Pugh, State Senator, Maryland

Services for Residents

BROADENING OPPORTUNITIES FOR CHILDREN & FAMILIES

Recognizing it takes more than a roof overhead to build a successful future, AHC began offering onsite educational services to residents 16 years ago. Today, AHC is making a difference for more than 2,000 children, teens, adults, and seniors each year. Because our programs are located where people live, they are a vibrant part of the community's fabric. New initiatives include:

Building Stability

A new program through the Center for Working Families provides adults with counseling and education to help families make and meet long-term financial, educational and wellness goals.

Strengthening Literacy

A variety of programs encourage reading skills, including 2,400 new books for after-school students, partnerships with local libraries, and reading incentive programs. Our goal is to make sure all our students read on or above grade level before entering middle school.

Maximizing Teens' Potential

A partnership with Project Discovery, which provides tours of colleges and other opportunities to encourage students to stay in school and prepare for college.

"I love AHC's Resident Services because the programs have helped me and my family for many years. Everyone in my family, including my parents,



- **Muna Bur** (center) with husband, Mohamed Elkomi, Aeman (son), Rana (daughter), Rawan (daughter) and mother, Raga.

me, my husband, my sister, her husband and all of our kids (seven children—my four and my sister's three) have gone to Harvey Hall for programs, to have fun and to learn something. Two of our kids are now in college and another one is on the path because of all the help, caring and information we got at Harvey Hall."



More than 200 volunteers helped build a new 2,500-sq-ft playground at Harvey Hall thanks to KaBoom! and major sponsor Corporate Executive Board.



AHC's Summer Camp offers fun and educational activities to prevent learning loss—a key challenge for low-income children during the summer.



One-on-one attention is a key element in AHC's successful educational programs for students.

Serving **2,000** residents each year through **8** community centers & partnerships with over **30** local organizations.



AHC's Teen Programs celebrated a nearly 90 percent high school graduation rate in 2009; seven out of eight graduates also headed to college - a milestone their parents never experienced.



Senior programs, designed to keep the elderly active and engaged, include exercise programs, cultural activities and field trips.

Aneela Mossam, student, and Cathy Yi, tutor

Aneela Moussam came to America when she was in second grade from Kashmir. Aneela has been involved with AHC's programs for years, including the Teen Program that provides tutoring, cultural experiences, and life skills programs to help keep students in school and maximize their options. Tutor Cathy Yi worked with Aneela throughout high school. Their partnership paid off. Aneela earned a grade point average of over 4.0 and received a full scholarship to Virginia Tech.



"It was an honor to have shared these pivotal years with Aneela and watch her mature into a young adult," says tutor Cathy Yi. "Aneela was always a motivated, high achieving student and my weekly tutoring sessions were often an opportunity for me to learn instead of teach."

RESIDENT SERVICES PARTICIPATION 2008/2009

Program	Participants
Adult education	549
Employment/financial programs	272
Early childhood/child care	120
Health programs	101
Teen programs	173
After-school elementary programs	184
Parent programs	111
Community development programs	490

Property Management Services

ENSURING TOP-QUALITY LIVING ENVIRONMENTS

AHC Management, LLC, which specializes in managing multifamily rentals and community associations, was founded in 2000 as a for-profit subsidiary of AHC Inc. Today the organization has grown to manage 29 properties (25 AHC-owned and four third-party management communities). As a full service property management company, AHC Management not only focuses on the nuts and bolts of building management, but also provides services that enhance residents' living environment, and assures compliance with operating regulations and requirements, including:

Proactive Property Management

Comprehensive day-to-day and preventative maintenance services ensure buildings are consistently well maintained and more than meet all required regulations.

Professional Community Association Management

Building on its years of rental property expertise, AHC Management provides responsive and comprehensive service to associations.

Effective Interim Management Services

AHC Management's experienced team provides strategies to address short-term property challenges, helping stabilize properties and ensuring their successful operation.

Compassionate Relocation Services

One of the toughest jobs in property management is helping individuals relocate while their homes are being renovated. AHC Management's well-trained staff works diligently to make the process as supportive and responsive as possible each step of the way.

AHC Management, LLC
manages **3,109** units in
the mid-Atlantic region.



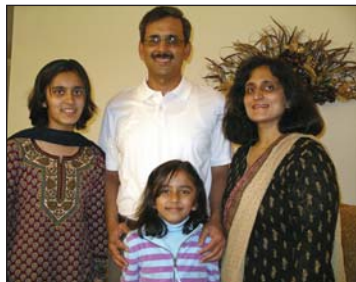
With an award-winning staff of 84, AHC Management prides itself on personal and responsive service and support.

Properties	Number	Total Units
RENTAL PROPERTIES - VIRGINIA		
Alexandria	1	24
Arlington	16	1,877
Fairfax	4	290
Richmond	1	120
RENTAL PROPERTIES - MARYLAND		
Baltimore	2	440
Germantown	2	35
CONDO ASSOCIATIONS		
Arlington	2	74
Fairfax	1	249
Total	29	3,109



Carousel Court, with 90 affordable apartments in Falls Church, was completely renovated in 2008

“The staff here is like family. Whenever we call, they come as quick as they can. If something is not working, they answer us and they fix the problem as soon as they can.”



- Ijaz Rana (center), wife Shazia Ijaz, and daughters Rimsha and Malleha, are originally from Pakistan and have lived at Carousel Court in Falls Church for nine years.

Bert Frey, Arlington resident

Bert Frey managed the Westover Market, a local landmark, for more than 25 years, and is delighted to live in nearby Westover Apartments. “We love this neighborhood and are always running into someone we know,” says Frey. His daughter, Caroline, attends Swanson Middle School right across the street.

When Frey moved into his two-bedroom apartment about eight years ago, the building had not been renovated for 20 or 30 years. He is thrilled with AHC’s recent renovation. “It’s unbelievable the job they did here,” says Frey. “We now have a full-size stove instead of a small one, central air instead of window units, extra counter space, a brand new refrigerator with ice maker, a pass through into the kitchen, and new energy efficient lighting. We almost didn’t recognize the place when we moved back in!”



During the renovation, AHC moved the Freys into another Westover apartment while their unit was completed. Although it was inconvenient, Frey believes AHC worked hard to make the process as painless as possible. “The staff, the contractor and the maintenance guys did a wonderful job,” he says.

Westover renovation - AHC Management staff is working hard to make the renovation process as painless as possible for residents during the historic renovation of the 153-unit, 1940s garden-style community.



Affordable Homeownership Opportunities

OPENING NEW DOORS

AHC's Homeownership Division, established more than 30 years ago, is committed to helping low- to moderate-income families purchase and maintain homes they can afford. Since then, the division has opened doors to new or improved affordable homes for 1,500 families and individuals with limited incomes. Key programs and projects include:

Professional Mortgage Services

Responding to the need for trustworthy mortgage programs, AHC's Mortgage Services team was established in 2008 to guide buyers through every step of the home buying or refinancing process.

Affordable Condominium Construction

AHC completed Davis Place, a new 10-unit condominium community in Arlington's Nauck neighborhood in summer 2009. Designed for first-time homebuyers, the project features two- and three-bedroom homes.

Experienced Construction Management Services

In 2009, AHC expanded its professional construction management services to help developers and other nonprofit organizations successfully complete a wide range of construction projects.

Established Home Improvement Services

For more than 30 years, AHC has been providing loans and grants to Arlington homeowners with limited incomes to help improve or expand their homes.



Davis Place, a new 10-unit condominium in Nauck, provides light-filled homes for first-time buyers with limited incomes.



Mortgage Services team helps low- to moderate-income residents refinance or purchase affordable homes.

2008 Homeownership Projects	Number	Value of Project
Homeownership Programs*	25	\$1.3 million
Condominium Development & Sales	34	\$9.0 million
Construction Management	4	\$47.0 million
* Home improvement, purchase assistance, and barrier-free programs		

AHC has helped **1,500** families with limited incomes repair, renovate or improve their first home.

Janie Carter, Arlington homeowner

Janie Carter lived on a five-acre farm in Alexandria and was a foster mother for more than 25 years. Now 87, Mrs. Carter lives in a condominium in Arlington. Thanks to AHC's home improvement programs for limited-income residents, Mrs. Carter can now stay in her home indefinitely.

Using the "Barrier Free" grant program, AHC updated her bathroom with handrails and a new sink. Next, Mrs. Carter used the Home Improvement Program to completely renovate her two-bedroom home with a new kitchen and appliances, windows, doors, furnace, carpet and paint. AHC Construction Management staff managed the job from start to finish.



"They redid the inside of the house and gave it a facelift," says Mrs. Carter. "It turned out great and I'm really happy."

AHC's construction managers ensure construction projects are completed on time and on budget.



Arlington Oaks provides affordable condos in a garden apartment setting.



Donors

AHC is deeply grateful for the generous support of our donors—individuals and neighbors, corporations, foundations, and state and local governments—in 2008.

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Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Community Development Block Grant	\$ 353,830	\$ -	\$ -	\$ 353,830
NeighborWorks® America grants	115,000	-	465,000	580,000
Other grants	602,095	85,000	24,999	712,094
Dues & contributions	133,690	-	-	133,690
Fees	7,256,212	-	-	7,256,212
Interest	1,106,344	-	136,983	1,243,327
Rent	167,658	-	-	167,658
Gain (loss) on sale of properties	329,546	-	-	329,546
Miscellaneous	442,942	-	-	442,942
Satisfaction of program restrictions	<u>320,329</u>	<u>(107,351)</u>	<u>(212,978)</u>	<u>-</u>
	<u>10,827,646</u>	<u>(22,351)</u>	<u>414,004</u>	<u>11,219,299</u>
EXPENSES AND LOSSES				
Program services – administrative	4,072,495	-	-	4,072,495
Program services – development & investment	1,750,664	-	-	1,750,664
General & administrative	1,616,153	-	-	1,616,153
Fundraising	<u>310,797</u>	<u>-</u>	<u>-</u>	<u>310,797</u>
	<u>7,750,109</u>	<u>-</u>	<u>-</u>	<u>7,750,109</u>
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES				
	3,077,537	(22,351)	414,004	3,469,190
NON-OPERATIONAL ACTIVITIES				
Contribution income – affiliates	4,078,407	-	-	4,078,407
Distribution income – affiliate	278,500	-	-	278,500
Loss on investment deposit	(11,975)	-	-	(11,975)
Net income from affiliates	<u>26,339</u>	<u>-</u>	<u>-</u>	<u>26,339</u>
CHANGE IN NET ASSETS	<u>\$ 7,448,808</u>	<u>\$ (22,351)</u>	<u>\$ 414,004</u>	<u>\$ 7,840,461</u>

Statement of Financial Position

DECEMBER 31, 2008

Assets

CURRENT ASSETS

Cash & cash equivalents	\$	1,268,130
Cash – construction reserve		469,544
Board designated cash		3,646,464
Restricted cash		6,705,983
Certificates of deposit		301,894
Accounts receivable, net of allowance of \$540,359		8,072,359
Prepaid expenses		9,540

TOTAL CURRENT ASSETS 20,473,914

FIXED ASSETS

Leasehold improvements, net of accumulated depreciation of \$84,167		418,711
Furniture, fixtures, equipment & software, net of accumulated depreciation of \$431,923		246,017

TOTAL FIXED ASSETS 664,728

OTHER ASSETS

Rental housing & predevelopment costs		1,617,230
Investments in condominiums & single family homes		5,854,360
Notes receivable – affiliates, net of allowance of \$1,659,629		11,366,839
Development fee receivable – noncurrent, net of allowance of \$2,882,333		14,802,018
Mortgage notes receivable, net of allowance of \$271,399		6,850,563
Interest receivable, net of allowance of \$259,129		1,736,567
Investments in affiliates & subsidiaries		11,659,877

TOTAL OTHER ASSETS 53,887,454

TOTAL ASSETS \$ 75,026,096

Liabilities

CURRENT LIABILITIES

Accounts payable & accrued expenses	\$	919,475
Due to affiliate		41,172
Deposits – security & purchaser deposits		9,013
Escrow funds – Home Improvement loans		76,084
Line of credit		603,538
Current portion – due to beneficiary		301,877
Current portion – notes & mortgage payable		1,077,077

TOTAL CURRENT LIABILITIES 3,028,236

LONG-TERM LIABILITIES

Accrued interest		141,541
Notes & mortgage payable, net of current portion		3,773,102
Due to beneficiary, net of current portion		676,924
Purchase assistance loans payable		17,936
Deferred development fee revenue		12,590,856
Deferred rent liability		59,512
Deferred revenue		45,445

TOTAL LONG-TERM LIABILITIES 17,305,316

TOTAL LIABILITIES 20,333,552

COMMITMENTS & CONTINGENCIES

NET ASSETS

Unrestricted – general fund		37,031,254
Temporarily restricted		85,000
Permanently restricted		17,576,290

TOTAL NET ASSETS 54,692,544

TOTAL LIABILITIES & NET ASSETS \$ 75,026,096

The financial statements included in this report represent AHC Inc. only. Consolidated statements, which include AHC subsidiaries and affiliates, are available upon request.

Board Members and Senior Staff



AHC Management LLC Senior Staff

Richard J. Leeds
President and CEO

Rosana Montequin
Senior Vice President and COO

Dennis Dorsey
Vice President

Linda Edmundson
Compliance Manager

Escarleth Torres-Shahin
Senior Property Manager

Teresa Washington
Senior Community Association Manager



AHC Senior Staff

Walter D. Webdale
President and CEO

Pamela Bolden Benoit
Chief Financial Officer

Catherine Bucknam
Director, Community Relations

Jennifer Endo
Director, Resident Services

Carlton G. Miller
Director, Homeownership/Construction Management Division

Stephen E. Smith
Senior Vice President

Andrew Vincent
Director, Greater Baltimore AHC

John M. Welsh
Director, Multifamily Division

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Robin Broder

Brenda Cox

Carleton "C.C." Jenkins

Sabra L. Jones

Andrew Keyes



“AHC has broadened its spectrum of services to ensure affordable housing communities not only provide a roof overhead, but also offer the tools to help families build a better future.”

Walter D. Webdale
President & CEO





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