REACHING NEW HEIGHTS

FISCAL YEAR 2014 ANNUAL REPORT
11,000 HOUSING UNITS

+ 61 RESIDENTIAL PROPERTIES

+ 17 STATES AND THE DISTRICT OF COLUMBIA

25 YEARS OF PRESERVING AMERICA’S AFFORDABLE HOUSING
2014 WAS A GREAT YEAR of accomplishments for NHPF. I invite you to read about highlighted achievements at individual properties, note the positive resident experiences created through Operation Pathways, and see how our fiscal responsibility and asset management have reinforced NHPF’s portfolio and financial health.

This particular annual report marks a great milestone. Beyond reflection on the past year, we are happy to recognize all that has moved us forward since NHPF’s founding in 1989. More importantly, we are poised to make an even greater impact as we embark on our next 25 years.

The past year resulted in ambitious strategic planning to guide our future efforts. Executing the plan will accelerate our ability to provide affordable housing in the form of clean, safe and green communities. Because of our abiding belief that “Where You Live Matters,” the quality of life for residents in those communities will continue to be enhanced through educational, health and enrichment programs that are defining elements for every NHPF property.

In our anniversary year of reflecting back and looking forward, I salute the enlightened group of 24 investors who funded NHPF and the partners and affiliates who will help write NHPF’s future success stories, as we work smartly and tirelessly to protect and grow our country’s affordable housing.

Richard F. Burns
NHPF President & Chief Executive Officer
2014 was a hallmark year for NHPF. It was a time to reflect on and celebrate our first quarter-century of mission-driven accomplishments.

With an accelerating path toward success, NHPF is well positioned for the next 25 years of preserving America’s affordable housing market.
FINANCIAL STATEMENT OVERVIEW

NHPF’S AUDITED FINANCIAL STATEMENTS are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). NHPF had a strong 2014, ending the year with total assets of $291 million including cash and cash equivalents of nearly $19.2 million. NHPF ended the year with net income of approximately $3.3 million (excluding a net loss of $6.2M attributable to non-controlling interests).

NHPF’s real estate portfolio performed extremely well in 2014, ending the year with an occupancy rate of 95.7% and has continued to be strong in 2015 with an occupancy rate at the end of April 2015 of 96.6%. Our asset management team continues its aggressive oversight of the companies that manage our properties. We have continued our efforts to evaluate energy and water use at all our properties. NHPF has taken measures to reduce water consumption at 7 of our properties, representing about 1,700 units. Based on initial results, NHPF anticipates that water saving measures at just these 7 properties will cut water consumption by 70 million gallons annually. NHPF recently completed a major rehabilitation of a 200-unit property that has resulted in a 30% decrease in gas usage, a 42% decrease in water usage and a 27% decrease in electricity usage. Additionally a 94-unit new development in Washington DC achieved the Enterprise Green Communities Certification. We believe green is good.

NHPF continues to focus its efforts on creating, rehabilitating and preserving multi-family affordable housing. During 2014 we acquired Cleme Manor, a 284-unit affordable housing property located in Houston Texas. Through The NHP Foundation-Urban Atlantic Fund I, our joint venture with a major bank and Urban Atlantic (The Fund), we acquired interests in Alpha Towers, a 165-unit property located in Toledo Ohio. NHPF has nearly completed the rehabilitation of Hollybush Gardens, 252 units in Glassboro, NJ and is also nearing completion of the renovation of Plaza Borinquen, 88 units in the Bronx, NY. Already in 2015, NHPF has acquired Parkchester Apartments, a 94-unit building in Washington, DC and signed a deal to acquire and rehabilitate 95 units in Maryland and, through The Fund, purchased a 92-unit property, Lancaster Club, located in Lancaster, OH. Through our Affiliate Program, we have entered into an agreement with a local nonprofit to be co-developer of a 9% LIHTC, new construction, affordable apartment complex in Chicago, Illinois. NHPF has also entered into a new workforce housing joint venture with Urban Atlantic and has closed a $10 million revolving line of credit with the Low Income Investment Fund to initiate the activities of the joint venture. This joint venture will focus on acquiring multi-family properties where the majority of tenants earn up to 80% of the Area Median Income. We continue to aggressively seek new opportunities to rehabilitate and preserve affordable housing and currently have several exciting prospects, some located in Washington DC, Texas, Tennessee and Connecticut.

Operation Pathways, NHPF’s resident services program, continues as strong as ever, offering programs in health and wellness, education and financial literacy among many others. While these programs receive generous support from many funders, it is important to note that NHPF contributed $838,000 to fund resident services programs during 2014. We remain committed to the continued success of the program and to helping our many residents achieve a full and rewarding life.
AS WE CELEBRATE NHPF’S 25TH ANNIVERSARY, we have worked hard to position the company to achieve careful, prudent and opportunistic portfolio growth.

That growth will be guided by our recently launched 5-Year Strategic Plan, which will set NHPF’s trajectory through 2019. Our three strategic priorities are clear:

• Preserving more Affordable Housing to Low- and Moderate-Income Families and Seniors
• Building a Sustainable Platform for Continued Success
• Maximizing the Impact of Resident Services in Individual Properties and the Surrounding Communities

Our path to achieving strategic success in these priority areas will take full advantage of recent accomplishments that provide the structure for moving forward:
• **Establishing the Affiliates Program**

In 2014 NHPF added over 400 housing units to its portfolio through the growing Affiliates Program, an initiative essential to the growth of our affordable housing portfolio. Created in 2011, the Affiliate Program partners with mission-aligned affordable housing developers/owners, housing authorities, tenant associations, and other municipal and community organizations who lack the resources, manpower, expertise and/or financial statement to renovate existing assets or develop new properties.

Upon joining the Affiliates Program, affordable housing providers can look to NHPF for an infusion of capacity-building resources in the areas of financing, development, asset management, resident services and fundraising support. With NHPF, Affiliates gain a strong financial partner and the expertise needed to support, and in many cases grow, their operations.

• **Expanding our Redevelopment Efforts**

NHPF has redeveloped more than $250 million of affordable housing in the past few years, producing excellent results for residents and substantial development fees and goodwill for NHPF.

• **Identifying New Alliances and Capital Partners**

These alliances include good work being done with the National Housing Preservation Fund jointly sponsored by NHPF and Urban Atlantic, a $50 million equity fund, and the Housing Partnership Equity Trust, an $80 million REIT formed by NHPF and 11 other nonprofits for the acquisition and preservation of affordable housing.

• **Improving Portfolio Performance**

Occupancy and cash flow continue to be strong, and careful attention to each of our assets has achieved excellent results in the overall portfolio performance.
DESPITE ECONOMIC CHALLENGES from increased operating costs due to the harsh winter in the northeast, NHPF’s affordable multi-family portfolio enjoyed another successful and stable year in 2014. The portfolio maintained a physical occupancy of 95.7% throughout the year with an overall portfolio debt service coverage ratio of 1.47. NHPF’s properties collectively distributed in excess of $1.2 million to help fund NHPF operations.

During 2014, the NHPF portfolio grew by a net of 449 units, adding properties in Houston, Texas and Toledo, Ohio. Atlantic City Townehouse in Atlantic City, New Jersey was sold in December. Approximately 25% of our portfolio receives project-based HUD Section 8 rent subsidies and 15% of the portfolio is designated for low-income seniors. The rehabilitations of 252 affordable multi-family units in Glassboro, NJ and 88 units in the Bronx, New York were ongoing, with completion of both properties expected in 2015. We are planning on starting the rehabilitation of approximately 700 units in the Fourth Quarter of 2015.
IN 2014, NHPF accelerated our commitment to “greening” our portfolio, including our ongoing participation in HUD’s Better Buildings Challenge. NHPF’s 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.

As part of the Better Buildings Challenge, multi-family housing partners showcase innovative strategies to boost energy efficiency, including lighting improvements, heating and cooling system upgrades, installing rooftop solar panels, and supporting new financing for energy retrofits and green construction. With our partners in the Stewards of Affordable Housing for the Future (SAHF), NHPF shares best practices and lesson learned—creating models for the broader U.S. multi-family housing industry.

As water is becoming a scarce natural resource, one of the main areas of focus for asset management in 2014 was the reduction of water consumption across our portfolio, especially on properties that have not undergone recent rehabilitations. This included regular unit inspections to detect and repair leaking faucets, pipes, toilets, and retrofits of all plumbing fixtures with state-of-the-art energy efficient fixtures, and resident education regarding conservation. The results have been very favorable as water consumption has been reduced an average of 30% across our portfolio.

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

CLEME MANOR
HOUSTON, TEXAS

The theme of the rededication ceremony held on December 1 was “Christmas has come early for the Residents of Cleme Manor.” The dignitaries and officials who spoke emphasized that the turnaround in Cleme Manor’s reputation and operations is a cornerstone in the overall gentrification of Houston’s Fifth Ward. NHPF’s acquisition and rehabilitation of Cleme Manor would not have been possible without the partnership of the City of Houston Housing and Community Development Department led by Neal Rackleff, Director and the Greater Fifth Ward Stakeholder Partnership. Houston City Councilman Jerry Davis shared with the guests that the City’s investment in Cleme Manor and the Fifth Ward has led to a welcomed reversal of the earlier decision to close Henderson Elementary, the area’s only public school.

ALPHA TOWERS
TOLEDO, OHIO

The NHP Foundation-Urban Atlantic Fund acquired this troubled 165-unit senior housing community in August, 2014. Representatives of the Fund, the U.S. Housing and Urban Development Department, the State of Ohio, the City of Toledo and the Toledo Fair Housing Center joined with residents for a rededication ceremony on November 6. U.S. Congresswoman Marcy Kaptur spoke eloquently about the positive changes made since NHPF took over management of what was once a community battling deplorable living conditions.
RENOVATIONS & RIBBON CUTTINGS

BAYVIEW TOWERS
STAMFORD, CONNECTICUT

We were honored to have U.S. Congressman Jim Hines as the Master of Ceremonies for the August 12 ribbon cutting ceremony at Bayview Towers. The event celebrated the completion of the $13 million renovation of this 200-unit complex. The property, consisting of a 9-story and a 21-story tower, provides affordable housing in an otherwise high cost real estate market. The ribbon cutting included recognition of the Connecticut Housing Finance Authority, the U.S. Department of Housing and Urban Development, PNC Bank, Connecticut Light and Power, and the City of Stamford as essential partners in making the project possible.

HOLLYBUSH GARDENS
GLASSBORO, NEW JERSEY

The neighbors and staff at Hollybush Gardens held a ribbon cutting event on December 15 to officially open their new Community Centre. It is a wonderful new venue for after-school learning opportunities, financial success programs, and wellness workshops available to all Hollybush Gardens residents. Sean Redman, a high school vice principal and former college football record-holder, told the gathered crowd how growing up in Hollybush Gardens was a positive and character-building experience on which his life accomplishments are based.
NEW FACES IN LEADERSHIP

FRANK L. SULLIVAN, JR. TRUSTEE

Frank L. Sullivan, Jr. brings a wealth of valuable real estate experience to the NHPF Board of Trustees. As a founder of Clarion Partners, Mr. Sullivan has more than 30 years’ experience with strategic initiatives executed to enhance the size and health of real estate portfolios. He also has a strong academic background as a professor at New York University’s Graduate School of Business and as a visiting lecturer at Cornell University, the University of Pennsylvania, the University of Virginia, and Yale University.

STEPHEN M. GREEN CHIEF OPERATING OFFICER

Joining NHPF as its new Chief Operating Officer, Stephen M. Green has worked on real estate and economic development projects in both the public and private sectors for the last 35 years. Most recently serving in a leadership role at the District of Columbia Housing Authority, Mr. Green brings his extensive project financing experience to his work at NHPF.

MECKY ADNANI VICE PRESIDENT OF ACQUISITIONS

NHPF also welcomes Mecky Adnani as its new Vice President of Acquisitions. Ms. Adnani is a seasoned professional in the field of affordable housing preservation, acquisition and rehabilitation. For more than a decade prior to joining NHPF, Ms. Adnani oversaw these efforts in the Northeast, Mid-Atlantic and Midwest regions.
THE RESIDENT SERVICES PROGRAMS provided through Operation Pathways in 2014 were impressive, and the numbers speak for themselves:

- 3,400 individual residents served
- 19 fully operational community centers
- 173 partner organizations
- 9,298 documented volunteer hours
- $189,075 in in-kind donations
- 15,000 hours of computer/internet availability for NHPF property residents

Through the Pathway to Academic Achievement:
- 374 children were served in 10 Brighten Up afterschool program sites, resulting in the vast majority raising their math and reading scores by at least one grade level
- 242 children participated in 10 Brighten Up summer camps, with more than 90% showing no sign of summer learning loss

Through the Pathway to Financial Stability:
- All NHPF community centers conducted “America Saves Week” programs
- 221 residents participated in workforce development programs
- 889 residents benefited from financial education programs

Through the Pathway to Healthy Living:
- Residents used 6 comprehensive fitness centers
- NHPF properties hosted 14 health fairs
- Residents completed 30,091 hours of physical fitness training
FINANCIAL PARTNERS

AMERIGROUP CORPORATION
AMERIGROUP FOUNDATION
ARCHDIOCESE OF PHILADELPHIA
AT&T FOUNDATION
BANK OF AMERICA MERRILL LYNCH
BEST BUY
BOTTOM DOLLAR FOOD STORE
BUCKS COUNTY, PA
BUCKS COUNTY FOOD BANK
BUCKS COUNTY OPPORTUNITY COUNCIL
BUSH-CLINTON KATRINA FUND
CALECO
CAPITAL ONE
CENTER FOR HEALTH CHILDREN & FAMILY SERVICES OF JACKSONVILLE
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
DEUTSCH-KHANNA FAMILY FUND
DISTRICT OF COLUMBIA HOUSING & COMMUNITY DEVELOPMENT FUND
DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY
DOLLAR GENERAL LITERACY FOUNDATION
DULIN UNITED METHODIST CHURCH
EMERGENCY FOOD & SHELTER PROGRAM, CT
ENERGY WISE
ESSEX COUNTY, NJ
EVERY KID A KING FOUNDATION
EXXON MOBIL
FANNIE MAE
FEDERAL HOME LOAN BANK OF ATLANTA
FEDERAL HOME LOAN BANK OF DALLAS
FIRST BOOK PHILADELPHIA
FIRST FEDERAL OF BUCKS COUNTY
FOOD BANK OF SOUTH EAST JERSEY
FOUNDATIONS COMMUNITY PARTNERSHIP
FREDDIE MAC CORPORATION
FREDDIE MAC FOUNDATION
GREATER NEW ORLEANS FOUNDATION
GULFSOUTH YOUTH ACTION CORPS/AMERICORPS
HAMEL BUILDERS, INC.
HEALTHY CITY FALL RIVER
HERON FOUNDATION
HEWLETT PACKARD
HOME DEPOT FOUNDATION
HOMEFREE-USA
HOUSING & URBAN DEVELOPMENT
HUDSON HOUSING CAPITAL
JPMORGAN CHASE
JPMORGAN CHASE FOUNDATION
JUNIOR LEAGUE OF BATON ROUGE
JUST GIVE
KABOOM
KISS ELECTRIC, LLC
LATTER & BLUM
LOUISIANA DISASTER RECOVERY FOUNDATION
LOUISIANA HOUSING FINANCE AGENCY
MASS MUTUAL
METLIFE FOUNDATION
MISSOURI HOUSING DEVELOPMENT COMMISSION
NAHMA EDUCATIONAL FUNDING
NEIGHBORWORKS AMERICA
NEW JERSEY HOUSING & MORTGAGE FINANCE AGENCY
NEW JERSEY SHARES
NIAGRA BOTTLING / NIAGRA CARES
 PENNSYLVANIA HOUSING FINANCE AGENCY
PHILABUNDANCE
PNC BANK
PRINCE GEORGE'S COUNTY
QATAR KATRINA FUND
RENEW OUR MUSIC, INC.
SAM'S CLUB
SBC FOUNDATION
SHARPS LANDSCAPING, INC.
SHOPRITE
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 & MINNIE BERK FOUNDATION
THE FORD FOUNDATION
THE FROST FOUNDATION
THE JOHN D. & CATHERINE T. MACARTHUR FOUNDATION
THE MEADOWS FOUNDATION
THE PRUDENTIAL FINANCIAL
THE WACHOVIA FOUNDATION
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Development
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.

NHPF BELIEVES IN:

The dignity of our residents

The value of safe, clean, functional housing that low- to moderate-income residents can afford

The inclusion of comprehensive resident services, providing important support for residents of all ages, building communities, and stabilizing occupancy

Green, sustainable living environments that are both economical for our residents and environmentally responsible