



BUSY BUILDER: AHC leader Walter Webdale says his nonprofit is capitalizing on lucrative affordable housing tax credits.

IGARE S. LAWTON

Counter-recessionary

Though the pipeline has stalled for many builders, nonprofit AHC is breaking ground on affordable housing *By Sarah Krouse*

AHC Inc. is a nonprofit that uses public subsidies to build homes for low- to moderate-income families, but when it comes to closing deals and hiring project teams, the 34-year-old organization acts more like a private developer.

"There is no difference between the way we do business and the way a private developer works," says CEO Walter Webdale. "We want to close deals and hire the most talented partners. The only difference is our end goal of meeting our mission of affordable housing."

With 34 active properties and 3,109 units in its portfolio, the residential developer, formerly known as the Arlington Housing Corp., has expanded in the last 10 years into property management and resident services. AHC also has branched out to Baltimore, where it has developed or renovated five properties with more than 1,000 units.

Unlike most not-for-profits, AHC doesn't accept pro bono work or discounts from other companies.

"We don't hire from our board of directors, and we don't ask for discounts just because we are a nonprofit," Webdale says. "If you're an attorney and you get busy, any pro bono work goes on the shelf, so we'd be left waiting and could miss out on

deals and ultimately lose money. It's better to hire for talent, and if a company sees fit they can give us money."

While other residential developers have stalled pipelines of projects waiting for financing, AHC broke ground on two projects this summer: the Jordan, a 90-unit apartment project near the Ballston Metro station, and the Macedonian, a 36-unit apartment complex in the Nauck neighborhood.

"Our reputation in the financial community has really paid off," Webdale says. "We have investors who will buy tax credits from our projects because they know once we sign a contract, we produce and never renege."

AHC is an attractive partner because it is eligible for tax-exempt bonds and bonds under the Community Reinvestment Act, which supports affordable housing and other community and economic development efforts.

"In some regards we are counter-recessionary," Webdale says. "When private developers are unable to access capital, we have more tools on the financing side. It also gives a private developer more of a competitive advantage if they partner with a nonprofit. But we are not a passive not-for-profit

partner. We want part of the deal as well."

AHC uses tax credit programs as its main funding mechanism.

The company recently received 4 percent low-income housing tax credits and \$2.4 million from the Tax Credit Assistance Program, a federal grant for investments in low-income housing, which was used for the \$13 million Macedonian project.

It received 9 percent low-income housing tax credits and \$1.26 million from the Tax Credit Assistance Program for its Jordan project.

AHC has also used soft loans, or loans at below-market rates, from Arlington County's Affordable Housing Investment Fund and grants from the county's Supportive Housing Program.

AHC recently finished a 10-unit condominium project in Nauck on land donated by an anonymous area developer and wants to develop properties in the territory between its Baltimore-area portfolio and its Arlington communities.

The first step between Arlington and Baltimore will be in Montgomery County, where the government is lending AHC \$2 million to buy, renovate and resell foreclosed homes in Germantown to low and moderate-income families. AHC will buy about 18 homes over two years and aims to buy other neighborhoods of foreclosed properties.

"Some don't like AHC's formula because we basically move into a neighborhood, buy everything that is foreclosed, rehab the houses, immediately rent them and gradually sell them off," Webdale says. "If you do one property at a time, it has no effect on the neighborhood; if you do a whole block, it does."

Webdale's take-away: Nonprofit AHC Inc. operates its housing programs like a private developer. It charges fees that sustain its operations and provides resident services.

Company: AHC Inc.

What it does: Affordable housing development, building management and resident services

CEO: Walter Webdale

Location: Arlington and Baltimore

Employees: About 120

Support and revenue: \$11.22 million in 2008