

AFFORDABLE RESIDENTIAL COMMUNITIES INC  
 Form 3  
 January 10, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*

MacMahon Douglas M  
 (Last) (First) (Middle)

C/O FARALLON CAPITAL MANAGEMENT,  
 L.L.C., ONE MARITIME PLAZA, SUITE 1325

(Street)

SAN FRANCISCO, CA 94111

(City) (State) (Zip)

2. Date of Event Requiring Statement

(Month/Day/Year)  
 01/01/2007

3. Issuer Name and Ticker or Trading Symbol

AFFORDABLE RESIDENTIAL COMMUNITIES INC [ARC]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer  Other  
 (give title below) (specify below)  
 Member of Group Owning 10%

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock, par value \$0.01 per share	4,552,000	I	See Footnotes (1) (2) (3) (4) (5)
8.25% Series A Cumulative Redeemable Preferred Stock	200,000	I	See Footnotes (6) (2) (3) (4) (5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
7.50% Senior Exchangeable Notes due 2025	08/15/2025		Common Stock	2,201,258 (8)	\$ 14.31 (9)
					I
					See Footnotes (1) (2) (3) (4) (5)

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MacMahon Douglas M C/O FARALLON CAPITAL MANAGEMENT, L.L.C., ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group Owning 10%

## Signatures

/s/ Monica R. Landry, as attorney-in-fact for Douglas M.  
MacMahon

01/10/2007

\*\*Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The amount of securities shown in this row is owned directly by Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P., Tincum Partners, L.P. and Farallon Capital Offshore Investors II, L.P. (collectively, the "Partnerships") and by one or more discretionary accounts (together, the "Managed Account") managed by Farallon Capital Management, L.L.C. ("FCMLLC"). As the general partner to each of the Partnerships, Farallon Partners, L.L.C. ("FPLLC") may be deemed to be the beneficial owner of the Issuer's securities held by each of the Partnerships. FCMLLC, as the registered investment advisor to the Managed Account, may be deemed to be the beneficial owner of the Issuer's securities held by the Managed Account.

(2) Effective as of January 1, 2007, Douglas M. MacMahon ("MacMahon") became a managing member of FPLLC and FCMLLC, and as a result MacMahon may be deemed to be the beneficial owner of the Issuer's securities held by the Partnerships, the Preferred Share Partnerships (as defined below) and the Managed Account.

(3) All of such securities of the Issuer have been previously reported by the Partnerships and/or FCMLLC on behalf of the Managed Account and other related entities and individuals on the original Form 3s filed on October 2, 2006 or on the amended Form 3s filed on January 10, 2007 by one or more of the Partnerships, FCMLLC on behalf of the Managed Account and the other entities and individuals listed on such forms. There have been no transactions in such securities by any such entities or individuals since the filing of the original Form 3s.

(4) MacMahon, FCMLLC, and the individuals identified in the amended Form 3s disclaim any beneficial ownership of any of the Issuer's securities reported or referred to herein for purposes of Rules 16a-1(a) under the Securities Exchange Act of 1934, as amended (the "'34 Act"). FPLLC disclaims any beneficial ownership of any of the Issuer's securities reported or referred to herein for purposes of Rule 16a-1(a) under the '34 Act, or otherwise, except as to securities representing FPLLC's pro rata interest in, and interest in the profits of, the Partnerships or the Preferred Share Partnerships, as applicable.

(5)

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MacMahon, together with the entities identified in footnotes (1) and (6) of this Form 3 and the individuals and other entities identified in the amended Form 3s, may be deemed members of a group holding equity securities of the Issuer. The filing of this Form 3 shall not be deemed to be an admission that such entities and individuals are members of such group.

- (6) The amount of securities shown in this row is owned directly by Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P. and Tincum Partners, L.P. (collectively, the " Preferred Share Partnerships"). As the general partner to each of the Preferred Share Partnerships, FPLLC may be deemed to be the beneficial owner of the Issuer's securities held by each of the Preferred Share Partnerships.
- (7) The notes are exchangeable at any time prior to the close of business on the business day preceding any redemption of the notes or the second business day preceding the stated maturity date, August 15, 2025.
- (8) The notes are convertible at the Company's option either for the number of shares of common stock listed in Table II or for cash, or a combination thereof.
- (9) Subject to adjustment.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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