

AFFORDABLE RESIDENTIAL COMMUNITIES INC  
 Form 4  
 January 25, 2007

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN 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 \*  
 FARALLON PARTNERS L L C/CA

2. Issuer Name and Ticker or Trading Symbol  
 AFFORDABLE RESIDENTIAL COMMUNITIES INC [ARC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/23/2007

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

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

(Street)

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

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

SAN FRANCISCO, CA 94111

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired or Disposed of (A) or (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	01/23/2007		X	A	\$ 8 2,127,546	D (1) (2) (3)	
Common Stock	01/23/2007		X	A	\$ 8 2,555,539	D (1) (2) (4)	
Common Stock	01/23/2007		X	A	\$ 8 147,425	D (1) (2) (5)	
Common Stock	01/23/2007		X	A	\$ 8 181,580	D (1) (2) (6)	
	01/23/2007		X	A	\$ 8 67,813	D (1) (2) (7)	

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Common Stock								
Common Stock	01/23/2007	X	63,619	A	\$ 8	326,509	D	<u>(1)</u> <u>(2)</u> <u>(8)</u>
Common Stock	01/23/2007	X	1,053,422	A	\$ 8	5,406,412	I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(9)</u>
Common Stock	01/23/2007	X	48,160	A	\$ 8	247,170	I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(10)</u>
Common Stock	01/23/2007	X	1,101,582	A	\$ 8	5,653,582	I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(11)</u>

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Subscription Rights (right to buy)	\$ 8	01/23/2007		X	1,713,000	12/19/2006 01/23/2007	Common Stock	
Subscription Rights (right to buy)	\$ 8	01/23/2007		X	2,057,600	12/19/2006 01/23/2007	Common Stock	
Subscription Rights (right to buy)	\$ 8	01/23/2007		X	118,700	12/19/2006 01/23/2007	Common Stock	
Subscription Rights (right to buy)	\$ 8	01/23/2007		X	146,200	12/19/2006 01/23/2007	Common Stock	
Subscription Rights (right to buy)	\$ 8	01/23/2007		X	54,600	12/19/2006 01/23/2007	Common Stock	

Subscription Rights (right to buy)	\$ 8	01/23/2007	X	262,890	12/19/2006	01/23/2007	Common Stock
Subscription Rights (right to buy)	\$ 8	01/23/2007	X	4,352,990	12/19/2006	01/23/2007	Common Stock
Subscription Rights (right to buy)	\$ 8	01/23/2007	X	199,010	12/19/2006	01/23/2007	Common Stock
Subscription Rights (right to buy)	\$ 8	01/23/2007	X	4,552,000	12/19/2006	01/23/2007	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FARALLON PARTNERS L L C/CA C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group Owning 10%
FARALLON CAPITAL PARTNERS LP C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group owning 10%
FARALLON CAPITAL INSTITUTIONAL PARTNERS L P C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group Owning 10%
FARALLON CAPITAL INSTITUTIONAL PARTNERS II LP C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group Owning 10%
MILLHAM STEPHEN L C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group Owning 10%
Moment Jason E C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111		X		Member of Group Owning 10%

PATEL RAJIV A C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111	X	Member of Group Owning 10%
SCHRIER DEREK C C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111	X	Member of Group Owning 10%
STEYER THOMAS F C/O FARALLON CAPITAL MANAGEMENT, L.L.C. ONE MARITIME PLAZA, SUITE 1325 SAN FRANCISCO, CA 94111	X	Member of Group Owning 10%
WEHRLY MARK C 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 and/or authorized signer for each of FPLLC and the reporting persons listed in footnotes (3) to (5). 01/25/2007

\_\_Signature of Reporting Person Date

/s/ Monica R. Landry, as attorney-in-fact and/or authorized signer for each of Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier, Thomas F. Steyer and Mark C. Wehrly. 01/25/2007

\_\_Signature of Reporting Person Date

. 01/25/2007

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\_\_Signature of Reporting Person

Date

01/25/2007

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(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).
  - (1) The entities and individuals identified in the footnotes of this Form 4 may be deemed members of a group holding equity securities of the Issuer. The filing of this Form 4 shall not be deemed to be an admission that such entities and individuals are members of such group.
 

Since the number of reporting persons that may be listed on a Form 4 is limited, Farallon Capital Management, L.L.C., the entities listed in footnotes (6) through (8) of this Form 4 and Chun R. Ding, William F. Duhamel, Richard B. Fried, Monica R. Landry, Douglas M. MacMahon, William F. Mellin, each as listed in footnote (11) of this Form 4, are filing a separate Form 4 on the same date as the filing of this Form 4 as reporting persons with respect to the holdings described in this Form 4 relating to such entities and individuals. Information regarding these entities and individuals is included on this Form 4 for purposes of clarification and convenience only, and is duplicative of the information reported in such other Form 4.
  - (2) The amount of securities shown in this row is owned directly by Farallon Capital Partners, L.P. ("FCP").
  - (3) The amount of securities shown in this row is owned directly by Farallon Capital Institutional Partners, L.P. ("FCIP").
  - (4) The amount of securities shown in this row is owned directly by Farallon Capital Institutional Partners II, L.P. ("FCIP II").
  - (5) The amount of securities shown in this row is owned directly by Farallon Capital Institutional Partners III, L.P. ("FCIP III").
  - (6) The amount of securities shown in this row is owned directly by Tincum Partners, L.P. ("Tincum").
  - (7) The amount of securities shown in this row is owned directly by Farallon Capital Offshore Investors II, L.P. ("FCOI II").
 

The amount of securities shown in this row is owned directly by FCP, FCIP, FCIP II, FCIP III, Tincum and FCOI II (collectively, the "Partnerships"). As the general partner to each of the Partnerships, Farallon Partners, L.L.C. ("FPLLC") may be deemed to be the
  - (8) beneficial owner of the Issuer's securities held by the Partnerships. FPLLC disclaims any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the Securities Exchange Act of 1934, as amended (the "'34 Act"), or otherwise, except as to securities representing FPLLC's pro rata interest in, and interest in the profits of, the Partnerships.
 

The amount of securities shown in this row is owned directly by an entity (the "Managed Entity") managed by Farallon Capital Management, L.L.C. ("FCMLLC"). FCMLLC, as manager to such entity, may be deemed to be the beneficial owner of the Issuer's securities held by such entity. FCMLLC disclaims any beneficial ownership of any of the Issuer's securities reported herein for purposes of Rule 16a-1(a) under the '34 Act or otherwise.
  - (9) The amount of securities shown in this row is owned directly by either the Partnerships or the Managed Entity. Each of Chun R. Ding, William F. Duhamel, Richard B. Fried, Monica R. Landry, Douglas M. MacMahon, William F. Mellin, Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier and Mark C. Wehrly (collectively, the "Managing Members") and Thomas F. Steyer (the "Senior Managing Member"), as either a managing member or the senior managing member of FPLLC and FCMLLC, may be deemed to be a beneficial owner of the Issuer's securities held by each of the Partnerships as referenced in footnotes (3) through (8) of this Form 4 and by the Managed Entity as referenced in footnote (10) of this Form 4. The Managing Members and the Senior Managing Member disclaim any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the '34 Act or otherwise.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.