

AVANATH ENTERS BOULDER, CO MARKET

Avanath Capital Management has acquired Depot Square, a Class-A, LEED Gold Certified, 71-unit affordable housing community in Boulder, Colorado. This is the firm's first acquisition in the state.

Depot Square is located directly across from the new Boulder Google campus, and was constructed as part of Boulder Junction, a 160-acre mixed-use, transit-oriented development.

"This property's phenomenal location and high-quality build made it an attractive addition to our national portfolio," explains

John Williams, President and Chief Investment Officer. "Depot Square presented a compelling investment opportunity to capitalize on the demand for housing near major jobs, transit options, and retail amenities, while also maintaining affordability in one of the most cost-burdened markets in the state."

The Boulder market has experienced year-over-year rental increases fueled by explosive job and population growth, resulting in a significant need for affordable housing in this submarket.

"The apartment community is well-positioned to command



high occupancies and generate attractive risk-adjusted returns to our investors," affirms Williams.

Depot Square will likely be the first of many Colorado acquisitions. Based on the market's long-term growth, Avanath plans to actively target the Denver and Boulder MSAs for future investments.



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John Williams Named Chairman of ULI OC/Inland Empire

a message from the chairman

KNEELING OR STANDING? LET'S ADDRESS THE ROOT CAUSE

by Daryl J. Carter, Founder, Chairman & CEO

I have been asked by many – colleagues, residents at our communities, apartment industry leaders, friends, my children, cab drivers, et al – “What do you think of the NFL players protesting by kneeling during the national anthem?” I have typically replied with a somewhat “politically correct” response – “Everyone has the right to peaceful protest.”

As an African American business leader, I believe that it is my obligation to present a more detailed and thoughtful response. The reality is that this standing/kneeling/national anthem discussion is a bit of a “red herring” in the big picture. Yes, black lives matter very much

– and it is disappointing that 233 African Americans died in police shootings in

2016. But a much bigger issue is the greater level of violence in black communities, where 7,881 African Americans were victims of homicide in 2016 (per FBI statistics). This is staggering when considering that this number represents 54% of all U.S. homicides and that African Americans comprise

only 13% of the population. Also, 92% of the African American homicides are committed by other African Americans.

These statistics are troubling in and of themselves. Many of the current approaches to black community violence – more vigorous policing, tougher sentencing, gun control (or more guns), more community based policing, drug treatment and the like – are addressing the problem at the margin. From my perspective of (1) growing up in inner-city Detroit and (2) interacting with many African American communities as a commercial real estate investor,

“I believe that the root cause of the current challenges in African American communities – urban violence and police/community matters – is lack of investment in those communities.”

In my view, there is a strong correlation between the lack of public and private investment in African American communities and situations that exist in Ferguson, MO and Chicago’s South Side.

New investments in these communities can be transformative. We have seen reductions in crime rates in Long Beach, Oakland, Orlando, and New York where we have made sizable investments in upgrading the housing in African American and other ethnic neighborhoods. Also, I personally saw the benefits as a child in going to two new, state-of-

the-art schools, when Detroit Public schools had the budget to invest in new schools in my neighborhood.

The investment need in black communities is widespread – grocery stores that have fresh and healthy foods, health care facilities, schools for vocational training, manufacturing facilities, new housing, banks and other financial entities. Most of these markets are underserved by retailers, business services, and financial institutions – and provide the opportunity for attractive financial returns.

So, back to this issue of standing/kneeling during the national anthem. Depending on who is singing or playing that anthem, it is roughly a 60 – 90 second event. What happens during the singing of our anthem has a negligible impact on addressing the big picture. For the record, I choose to stand and honor our country and flag. Despite whatever issues we have, the American Dream still offers more promise than any other country that I have seen.

The NFL is a multi-billion-dollar enterprise. NFL players make millions of dollars. Bottom line, the NFL is an enterprise that could be a major catalyst in helping attract investment capital in African American communities across the U.S.

Avanath is highly committed to investing in African American communities in the U.S. We encourage all the NFL (and NBA, NHL, MLS, and MLB) players and owners to join us in this effort.



STATE GOVERNMENTS AND THE AFFORDABLE HOUSING CRISIS

*Guest Column by Doug Abbey,
Chairman of Swift Real Estate Partners' Investment Committee*

The motto of the U.S. - e pluribus unum - is based upon the concept of a melting pot. We value economic mobility, and we are better when our communities are diverse.

For those less fortunate, we need affordable housing to permit advancement. Yet, our communities are increasingly segregated by race and income.

A quarter of American households are cost burdened, meaning their rent is 30% or more of their monthly income. We confront this affordable housing crisis by looking at current land use policy.

In the 1920s, the federal government crafted a model enabling legislature to legitimize zoning. Most states adopted the legislation, which delegated the police power to regulate land use from the state to local communities. Local communities often limit supply through zoning, which increases costs and creates homogenous communities.

In short, there is a legitimate state interest in creating an adequate supply of housing and in creating communities of opportunity for less advantaged citizens. It has been proven that when lower income households live in areas with good schools and higher incomes, their prospects for success are greatly enhanced.

So what can state governments do to combat this crisis?

ENCOURAGE DELIVERY OF HOUSING SUPPLY THROUGHOUT OUR COMMUNITIES

California is a perfect example of how current land-use policy does not work. There is a planning process in place to project growth and distribute that growth across regions. Yet, only half of the required housing has been built, meaning many local communities are not taking their fair share.

If jurisdictions are not building their fair share of needed housing, states can permit developers to bypass the local approval process. For example, Massachusetts 40-B legislation permits developers to build if a jurisdiction does not have 10% of its housing available to lower income residents.

States can also encourage accessory dwelling units (ADUs). This is an inexpensive way to deliver new supply in areas where there is an acute need for housing. Think of the empty garages, backyards and spare rooms that could be converted into dwelling units by states requiring local communities to minimize the regulatory burden of creating ADUs. Additionally, states can require local communities to waive fees and permits for low income housing. Some communities in California impose fees exceeding \$50,000 per unit, which is a heavy burden on developers of affordable housing.



AVOID MEASURES THAT ADD TO THE COST OF HOUSING

States often impose requirements on builders that add to the cost of development. These include prevailing wage, energy conservation and environmental requirements. The effect is that supply is reduced and housing pricing is increased. States must pay more attention when crafting legislation, ensuring that new laws do not result in substantial cost increases for housing construction.

BUILD MORE AFFORDABLE

States can allocate more resources to building more affordable housing. But, we must remember that resources are limited to subsidize new construction. The most effective means to combat the housing crisis is for states to remove impediments to building housing. If we are successful, we can create new supply, which lowers housing costs for everyone and creates more diverse communities by providing a wider range of housing choices.



COMMUNITY SPOTLIGHT: WOODCREEK TERRACE GOES ABOVE & BEYOND EXPECTATIONS

Avanath strives to positively impact communities with each investment, providing residents with the resources, programs, and services that ultimately increase their quality of life.

At Woodcreek Terrace, a low-density garden-style senior apartment community in Roseville, CA residents are provided with all of that and much more.

Community Manager, Louisa Moore, and Maintenance Supervisor, Robert Gonzales recently shared some insights on how Woodcreek Terrace continues to positively impact residents.

Q: In what ways is Avanath driving resident retention and satisfaction?

A: We focus on building relationships with our residents and creating environments where they can thrive. Our very active social club plans activities to bring residents together such as weekly card games, fitness classes, movie nights, and outings to local casinos or shopping venues.

This truly plays a role in the quality of life for residents, which keeps retention high. We consistently maintain high occupancy, averaging 98% over the last year.

Q: What resources, programs and amenities does Woodcreek provide to seniors?

A: We understand that many of our senior residents are living on fixed incomes. For that reason, we provide a daily lunch program that is donation-based, meaning our residents

can donate whatever they can afford for their lunches - even if it means nothing at all.

We also work directly with Cal Fresh, arranging for representatives to visit the property regularly to determine the programs residents qualify for.

Q: How does Woodcreek Terrace provide unparalleled service to its residents?

A: We take a personal approach to everything we do. Behind every work order is a person, and we value our residents and their needs.

We make a conscious effort to be available for whatever our residents might need, whether it is changing a light bulb or helping them unload their groceries.

We want them to feel as if there's always a helping hand available, if needed, even if it's just someone to talk to. We take pride in the fact that we can be that person for our residents.



JOHN WILLIAMS NAMED CHAIRMAN OF ULI ORANGE COUNTY/INLAND EMPIRE

John Williams, our President and CIO has been named the incoming 2017-2019 Chairman of ULI Orange County/Inland Empire. John will bring his expertise in affordable housing to the organization, where he will aid in educating the community on the feasibility and benefits of preserving housing affordability.