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Avanath Affordable Housing II, LLC

\$200 Million

The COIN Program invites proposals for safe, sound, solvent investments that offer an acceptable financial return and provide tangible social and/or environmental benefits to underserved low-income and/or rural communities.

TYPE OF INVESTMENT – Schedule BA real estate (multifamily residential).

USE OF PROCEEDS – To acquire affordable apartment properties that were originally developed under the Low Income Housing Tax Credit (“LIHTC”) program or other affordable structures, with the goals of (i) enhancing the physical assets; (ii) maintaining long term affordability; and (iii) generating overall returns of 15% - 18%, with current annual cash-on-cash returns of 6-10%. Avanath’s target affordable market comprises 4.5 million apartment units and represents approximately 25% of the apartment inventory in the U.S. The ownership in this sector is highly fragmented, primarily comprised of small, regional owners and developers that are motivated by development and other fees. Avanath is pursuing a national consolidation strategy in this sector, creating long-term value with the implementation of higher-level property and asset management, strategic property investments and enhancements, and creating greater operating efficiencies.

GEOGRAPHIC FOCUS – Avanath intends to invest 50% or more in California.

SOCIAL/ENVIRONMENTAL IMPACT - Tangible social impacts include income affordability and social programs for tenants. Avanath’s investment strategy targets the segment of the apartment market with the greatest demand and is chronically under-supplied, with tenants making 60% of average median income or less. All of the properties were either developed under the LIHTC program or have some level of affordable restrictions.

Avanath provides social programs for a number of our properties, particularly in California. Social services include the following:

- Adult education classes on topics such as health and financial management
- After school and summer programs for youth
- Computer training
- Nutrition education
- Job readiness and career development workshops
- Transportation for senior residents
- Cultural programs for senior residents, such as art classes

For select properties, Avanath has installed the following environmental programs:

- Solar thermal panels to provide electricity to the common areas
- LED lighting to minimize electricity usage

Avanath is working on a proposal to implement xeriscape, or use of drought-tolerant plants, to minimize water usage. The fund will also install solar sync weather stations and upgrade turf sprinklers with precision nozzles. The first phase of this program will be rolled out in the Sacramento-area properties.

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