

## AVANATH INCREASES HOLDINGS IN WASHINGTON D.C. METRO AND ORLANDO

*Alexandria Station*



Avanath Capital Management has purchased two affordable apartment communities with a combined total of 578 units in the Washington D.C. Metro area and Orlando, Florida. The assets increase the company's holdings in the D.C. Metro area to 1,169 and in the Orlando metro market to 1,352 units.

The firm acquired Alexandria Station Apartments, a 290-unit affordable apartment community in Alexandria, Virginia; and Brooke Commons, a 288-unit mixed-income community in Orlando.

"We are continuing to expand our portfolio in markets with strong economic, job, and population growth, where home affordability is becoming increasingly more difficult and market-rate rents continue to rise," says John Williams, President and CIO of Avanath Capital Management. "The Washington D.C. Metro and Orlando Metro areas are among those markets. These are some of the nation's most cost-burdened markets with a demonstrated demand for affordable housing properties. They present opportunities for our firm to invest in properties where we can preserve affordability for residents and produce steady returns for our investors."

Alexandria Station Apartments is located in an area that benefits from strong economic metrics that support affordable housing investment and development, with a median household income that far exceeds the national average. Brooke Commons is situated three miles from the University of Central Florida, one of the largest universities in the U.S. and a major economic driver for the region, as well as a long-term demand driver for affordable housing in the market.

Avanath will implement its demonstrated asset-management strategy for both of these recently acquired properties in order to augment value on behalf of investors while maintaining low rental rates and providing needed services for residents.

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# 2019 ANNUAL MEETING: KEY TAKEAWAYS

Four simple words set the tone of the 2019 Annual Investor Meeting in Chicago: Advocate, Perform, Impact and Deliver.



Each of these words on their own may not sound significant, but together they represent Avanath's proven investment strategy and are echoed by the Avanath team all year long.

So, what does it mean to advocate, perform, impact and deliver?

**Advocate:** Avanath has always been actively involved in advocating on behalf of the industry and ensuring that their team and investors remain informed about changes in housing policy. At the 2019 annual meeting, they invited Rick Lazio who served four terms in the U.S. House of

Representatives and Jim Lapides from the National Multifamily Housing Council for a panel discussing the current legislative housing climate.

**Impact:** Avanath continues to place a high focus on social impact for residents and in the communities in which they invest. In 2019, Avanath partnered with ArtLifting, an organization that sells individuals with disabilities artwork for a livable wage. Partnering with organizations like this that are aligned with Avanath's mission aid in supporting the local community.

In addition, in several of Avanath's communities in Florida, they offer a program that aids residents in saving for a down

payment on the purchase of a home. The way it works is that residents receive 5% of total rent paid on time each month towards the purchase of a home. This benefits the residents as it encourages the pursuit of the American dream while also benefiting investors by increasing retention and decreasing turnover costs at a community.

**Perform:** Avanath has acquired 15 new properties totaling more than \$600 million in acquisitions since the 2018 annual meeting. The firm has also expanded into new markets including Austin, Detroit, Denver and New Jersey. Avanath also plans on continuing this expansion in 2020 by exploring additional new markets to enter such as the Boston market. This market has limited affordable supply, increasing home affordability, and continued strong economic growth.

**Deliver:** With each fund, Avanath has continued to strategically position its portfolios to deliver strong risk-adjusted returns to its investors. Fund II has been recapitalized to UBS, Fund III is fully deployed, and Fund IV is currently underway with a planned close in Q2 of 2020. Avanath has already acquired four properties within Fund IV.

Weren't able to make the annual meeting? Click here to watch the full meeting:

**Session 1:** <https://bit.ly/2SYsRGz>

**Session 2:** <https://bit.ly/2Hwgkom>



a message from the chairman

# When We Collaborate Together, Good Things Happen: Local Housing Authorities and Private Partnerships

*by Daryl J. Carter, Founder, Chairman & CEO*

I recently realized that while many people are familiar with the Department of Housing and Urban Development (HUD), as well as the Federal Housing Finance Agency (FHFA), many people don't think about, or even know about the thousands of local and city organizations. These organizations set policies and regulations that significantly impact the operation of affordable housing across the nation.

In fact, local housing authorities are often at the front lines of the affordable housing industry and play a key role in our business.

There are more than 3,400 local housing authorities across the U.S., operating in almost every city across the nation. The local housing authorities essentially govern their area's housing and are particularly impactful in the affordable housing arena. They play an essential role in affordable development, as well as in unit inspections of existing affordable housing stock and issuing Section 8 housing vouchers.

They know their market; they know their inventory (or lack thereof) and they know the people who live and work in their communities.

We view the housing authorities as partners in our investment strategy and integrate a highly inclusive approach working with all parties to ensure we have a positive impact on residents, the local community and our investors.

While some companies may view these governmental agencies as bureaucratic or obstacles in their investment strategies, we know that these housing authorities have a deep understanding of the local communities in which they work

and are acutely attuned to the needs of those people. We are aware of the extremely valuable information they have, and we strive to create and maintain excellent relationships with these local authorities, as we believe we all have the same goal.

How do we do this?

## **1. Engaging local housing authorities very early on:**

We actively reach out to local housing authorities in the markets in which we own housing assets, as well as those in which we anticipate acquiring properties. Because these organizations work closely with residents in the community, they field their complaints and they know what they need. We listen to the governing authorities and gather as much information we can about a market, property, or community.

**2. Turning feedback into action:** We then turn this valuable input into action. For example, the innovative and successful Activate Health and Wellness Program we launched at two senior communities in Maryland was a result of feedback we received from local housing authorities regarding residents in the area. This program aided in retaining residents longer, reducing turnover costs, and improving the health and wellness of residents. The same can be said for many of our social programs that we've launched at other communities across our portfolio. These programs are often born out of valuable insight from our local housing authority partners.

**3. Creating lasting public/private partnerships:** Because we work with these local agencies rather than against them, we have been able to create lasting partnerships that have significantly impacted the success and the growth of our portfolio. Public agencies know us, and know that we will not only work well with them, but will also do our best for the residents and the broader surrounding community.

Overall, when we collaborate together, good things happen. This can be seen through our proven investment model and reputation as a quality leader in affordable housing today. We understand that addressing the need for affordable housing is a community issue and we all need to work collaboratively to create the best result for our investors, for the Federal, State and local housing authorities, and for our residents.



## EMPLOYEE SPOTLIGHT: MICHOALE LEWIS

Two years ago, Michoale Lewis was living in a homeless shelter as a single mother to two three-week-old twin boys.

Today, she is on the fast track to assistant management at Avanath. Currently, she leads the leasing efforts at two of Avanath's properties in Virginia, Acclaim at Sterling and Acclaim at Ashburn, both of which are more than 90% leased.

Living in the shelter, Michoale's case manager recognized that she used to work in property management and encouraged her to apply for a position through Shelters to Shutters, a program that connects homeless individuals with opportunities in property management.

Avanath participates in this program and quickly recognized Michoale's talent. She started part time at Acclaim at Sterling in March of 2018, and within three weeks of working at the property, she was offered a full-time role at Acclaim at Ashburn. Now, she spreads her time between both properties and is up for promotion to assistant manager.

As a member of the Avanath team, Michoale is a standout star. She loves working with people, has a can-do attitude and goes above and beyond in all that she does.

That said, one of Michoale's most powerful qualities is her passion and love for giving back. She understands

firsthand the impact a simple opportunity or gesture can have on truly transforming one's life. She brings that same attitude to the residents at Avanath's properties and to the local community. She actively volunteers at the homeless shelter in which she once lived.

She is also an ambassador for three local nonprofits including Women Giving Back, a nonprofit that helps homeless families and families of domestic violence, Tin Cup Fund, an organization that aids in filling gaps in the local community whether it is in schools, case management, among others, and IMED, a nonprofit that provides families with children with a variety of supportive services including budgeting, counseling, etc.

One thing that Michoale loves about working in affordable housing is the true impact it has on residents, especially in Avanath communities where strong supportive services are typically offered. Michoale hopes to continue to bring her local work in the community to help better serve residents in bridging the gap between these types of services and residents.



When Michoale is not working or volunteering in the community, she loves to spend time with her kids and family and at her local church. Michoale also recently purchased her very first home.

## SPOTLIGHT: TONI HARRIS RECEIVES 2019 PRESIDENT'S AWARD IN PROPERTY MANAGEMENT

Avanath's Toni Harris was recently awarded the 2019 President's award by the Property Management Association.

Toni has been with the Avanath team since 2017 and has deep expertise in the full-service operation of affordable multifamily communities. She actively seeks new ways to increase value at Avanath communities for both investors and residents. Toni will also serve as the 2020 President for the Property Management Association. We are proud to have such smart, savvy and sophisticated individuals like Toni on our team.



## IN THE NEWS:

Avanath's Founder and CEO recently received an honorable mention by Commercial Property Executive in its Executive of the Year Awards as a leader in workforce housing.

View the article here:

<https://mydigitalpublication.com/publication/?i=648864&ver=html5>



### EXECUTIVE OF THE YEAR

**DARYL CARTER**  
Founder, Chairman & CEO  
Avanath Capital Management

#### WORKFORCE HOUSING LEADER:

Carter directs the overall strategy and operations of Avanath Capital Management. Prior to founding Avanath in 2008, he was an executive managing director with Centerline Capital Group, which purchased Capri Capital Finance in 2005. Carter co-founded and served as co-chairman of the Capri Capital family of companies. Prior to his tenure at Capri, Carter was regional vice president at Westinghouse Credit Corp. and second vice president at Continental Bank.

**HEALTH AND WELLNESS:** Since its formation in 2008, Avanath Capital Management has acquired more than \$2 billion in quality affordable and workforce communities across 12 U.S. states, comprising nearly 10,000 apartment units. Earlier this year, Avanath Capital Management recapitalized Avanath Affordable Housing I LLC—its flagship fund with a 2010 vintage—in one of the largest affordable housing recapitalizations in the market to date. Last summer, Avanath launched Activate, a signature health and wellness program focused on helping senior residents age in place by increasing health awareness and education, promoting an active lifestyle, and providing onsite wellness testing by approved healthcare professionals.



## COMMUNITY SPOTLIGHT: AVANATH REBRANDS AND RENOVATES ACCLAIM AT SOUTH CONGRESS



Acclaim at South Congress is a 280-unit affordable apartment community in Austin, Texas. Avanath acquired the property at the end of 2018, implemented a series of improvements and rebranded the property.

Madeline Hall, Senior Vice President of Asset Management and Katie Mancuso, Regional Manager, Southwest discuss this community and the value these renovations and rebranding bring to residents and investors.

### **Q: Why did Avanath rebrand the property?**

**A:** Our decision to rebrand Acclaim at South Congress, formerly Blunn Creek, is part of our larger strategy to rebrand properties to reflect the size and location of the asset. Acclaim at South Congress is located a block away from South Congress, a thriving and dynamic area in Austin. The new name reflects this.

### **Q: What upgrades/renovations have been done to the property?**

**A:** We replaced all HVAC units, replaced all the roofs, redid the pool and deck, repainted the entire property, upgraded the interior of the community room, and added Amazon lockers. In addition, we recognized some structural issues with the stairs throughout the

community and underwent a large-scale process to redo all the staircases. This was quite an undertaking as each of these staircases were three flights. Many owners would have decided not to address this issue. We viewed this as an update that was necessary thus not only are we making the community a warmer and happier place to live but a safer one.

### **Q: How do you go above and beyond regarding service for residents?**

**A:** Quality service is one of the most important aspects we bring to the community. We want residents to feel as though they are receiving the same level of service they would at a luxury community. We always respond within 24 hours to any resident requests or needs as a baseline standard, in many cases, responding much sooner. In addition to being extremely responsive, we always try to address issues before they occur. For example, recognizing the HVAC units needed replacing and proactively replacing these before they caused any issues for residents.

### **Q: Do you offer any social programs at the property?**

**A:** We offer GED tutoring programs for adults, as well as tutoring of any kind for kids in the community. We also offer computer classes. We want to provide avenues for both adults and kids in the community to be successful and we believe these programs do this.

### **Q: What makes this property attractive to residents?**

**A:** There are a few items that make this property attractive to residents. The location is one, it is located across from St. Edwards University and South Congress. Another reason is the larger unit sizes. It is not common to find large 3-bedroom units in an affordable community, which is very appealing to residents with families. Finally, the service we provide and social programs we offer really make this community stand out amongst the competition.

## SAVE THE DATE



Avanath's 2020 Annual Investor Meeting will be hosted at the Intercontinental Hotel in Washington D.C. on Tuesday, December 8 and Wednesday, December 9.

[Add it to your calendar now.](#)