

avanath+

AVANATH ENTERS ORANGE COUNTY MARKET WITH THE ACQUISITION OF TWO SENIOR HOUSING COMMUNITIES

Avanath Capital Management has acquired two senior housing communities in Anaheim Hills and Garden Grove, California, totaling 346 units. While the firm has 10,000+ units within its portfolio across the U.S., this marks its first acquisitions in its hometown market of Orange County, California.

“Although we currently own nine properties in the Southern California region, we are thrilled to be acquiring our first Orange County assets,” says Daryl Carter, Founder, Chairman and CEO of Avanath Capital Management. “The Orange County market is an extraordinarily affluent area and has one of the six highest AMIs in Southern California. Home prices throughout the region remain extremely high, making home ownership difficult among many. This has resulted in a strong demand for affordable housing units, especially among seniors.”

Avanath’s newly acquired properties include Overlook at Anaheim Hills, a 261-unit mixed-income senior apartment community in Anaheim Hills, California; and The Grove Senior, an 85-unit senior affordable housing community in Garden Grove, California.

Through its proven value-add strategy, Avanath is planning enhancements to the properties that will contribute to their long-term value as well as provide a high-quality environment to residents, including capital improvements, sustainability initiatives, and continued social programming.

The Grove Senior



Overlook at Anaheim Hills



INSIDE THE ISSUE

- 2 Chairman’s Message: ESG Has Always Been a Core Focus at Avanath
- 3 Expanding Opportunities in American Cities Through Affordable Housing
- 4 Community Spotlight: Deepened Connections at Two Senior Communities In Denver

a message from the chairman

ESG HAS ALWAYS BEEN A CORE FOCUS AT AVANATH

by Daryl J. Carter, Founder, Chairman & CEO

Over the last several years, there has been an increased focus on ESG investing. This trend has been accelerated by the pandemic, as well as the social injustice and civil unrest we all saw last year. This has brought more attention to socially conscious investing, resulting in a rapidly increasing focus on ESG industry wide.

Avanath has a long and proven track record within the ESG space and truly understands how to implement, track, report and measure ESG policies and strategies. Because of this, we have continued to expand our focus on ESG and recently launched an ESG platform, Amplify.

The platform's goal is to extend the success of Avanath's authentic social commitments and programs to build a best-in-class environmental, social and governance program that serves as a model for the industry. We also believe that through our robust reporting on ESG metrics that we can set benchmarks for industry best practices.

We have been at the forefront of ESG investing for the last decade, which gives us a competitive advantage as more fund managers enter the ESG space. We have developed key

performance indicators and a deep understanding of what programs and services will truly have an impact on residents. This has been highlighted throughout the pandemic as we have continued to show up for our residents and provide them with the tools they need for success.

In fact, at the onset of the pandemic, we had to shift many of our onsite health and wellness programs and close onsite gyms and community rooms. In order to ensure our residents' mental and physical health was a top priority, we gifted 9,000 plus virtual gym memberships through Wellbeats to all of our residents across our portfolio.

We deeply believe that property owners who are a steward for their residents, tenants, and communities will come out stronger on the other end of the pandemic and investors are beginning to see this as well. This is likely one of the reasons we are seeing an increased focus on ESG investment over the course of the last year.

There has been a misconception over the last several years that you can't be both socially conscious and fiscally responsible. We have proven that you can deliver both social impact and strong risk adjusted returns and that you don't have to sacrifice one over the other. Institutional investors are increasingly beginning to realize this and are continuing to allocate more capital towards impact and socially conscious investments.

We have been an advocate for ESG investing and believe this is ultimately a positive for the industry and will drive more capital to underserved communities across the U.S.



EXPANDING OPPORTUNITIES IN AMERICAN CITIES THROUGH AFFORDABLE HOUSING

By Venus Phillips,
Investment Director at The Kresge Foundation



The Kresge Foundation’s mission is expanding opportunities for people with low income living in American cities. We pursue this mission with grants and initiatives across health, human services, education, the environment, arts and culture, and community development. One common thread across all our practice areas is housing. Affordable, safe, quality, and convenient housing plays a significant role in the upward mobility of low-income individuals across the nation. We’ve found that there is a significant lack of affordable housing that does not pose any health risks, is located near employment, schools and higher education, quality retail and grocery stores and is a real concern across all of the communities that we serve.

I work for the foundation’s endowment investment team, which manages roughly \$4 billion in support of the foundation’s mission. Our economic goal is to earn more than we spend so the endowment can last in perpetuity. With that we look for portfolio investments where we identify an edge or dislocation that we can leverage. Naturally, investing in U.S. affordable housing where the supply/demand imbalance is so stark in this country, makes economic sense. That said, the economics of investing in affordable housing and contributing to the preservation of affordability across the U.S. is much more than that to us.

Institutional disinvestment in communities of color, including in our hometown of Detroit, has caused many once-thriving communities to struggle. Urban revival has come back to many of these cities, but this revival rarely benefits existing

residents. Andrew Mallach tackles this exact issue in his book *The Divided City: Prosperity and Prosperity in Urban America*. He explores the trend of urban renaissances not being equitable, which typically causes cities to become more unequal and more segregated.

This is where Kresge’s mission and investment priorities intersect. We’ve found in that pursuit that expanding these opportunities often involves dismantling barriers that impede pathways to equity. By supporting institutional investment in affordable housing stock, we can further this mission.

This is one of the reasons we sought to partner with Avanath. Historically, the affordable housing space has had a lack of institutional investment. More than 80% of the capital for LIHTC comes from CRA-motivated investors who are often focused on the tax credit value. Additionally, there has been an undersupply of new affordable/workforce housing in the market to meet the growing renter demand. This has made near 100% occupancy possible for affordable/workforce multifamily housing across the country.

We were excited to partner with Avanath in this space for many reasons, including the firm’s passion for social impact and its vertically integrated property management. These strengths have been highlighted during the COVID-19 pandemic, which has disproportionately impacted the communities that Kresge serves. Avanath has been able to work with residents holistically to stay in their homes and thrive in their communities, which is extremely important to us as an investor.

IN THE NEWS: MAKING AN ENTRANCE

Avanath was recently featured in the Orange County Business Journal highlighting its entrance into the Orange County market, as well as the closing of its fourth discretionary fund.

[Click here to read the full story.](#)



COMMUNITY SPOTLIGHT: A PERSONAL INTEREST IN RESIDENTS DEEPENS CONNECTIONS AT THESE TWO DENVER SENIOR COMMUNITIES



Sable Ridge Apartments is a 60-unit senior apartment community, and Sable Ridge Residences is a 61-unit senior apartment community in Avanath Capital Management's Denver, Colorado, portfolio. While the properties boast impressive common amenities, including a library and beauty salon, it's really the staff's personal connection with residents that makes these communities special, according to Ty Lattimore, community manager for both Avanath assets.

"There's a great sense of community involvement here, and we all know each other like family," says Lattimore. "I take a genuine interest in every resident. I know each of them by name. I know their kids' and their grandkids' stories, and they ask about my grandkids. It's more than a job for me – I'm personally invested."

Lattimore, who has been with Sable Ridge Apartments and Sable Ridge Residences since 2018, credits team members Debra Pompey, leasing specialist, and Steve Logan, maintenance tech, with helping her manage the assets efficiently, fostering a

sense of community, and sharing her passion regarding the properties and residents. "Many of these people have been long-term residents at these communities," says Lattimore. "Any one of them who needs to move says they hate the idea of leaving – they say they will miss us, and I know we would miss them."

The COVID-19 pandemic has created some challenges to maintaining the closeness that these residents have come to expect, according to Lattimore. "Prior to the pandemic, these were very social and active seniors," she notes. "Now, we have altered our behavior to keep everyone safe, since they are the most vulnerable population to this virus. We all practice social distancing, wear masks, give elbow bumps instead of hugs, and even though they're not able to come out of their apartments to the community rooms to gather – which has been difficult for them – we still stop to speak with them and ask how they're coping with what's been going on. It's important to remain connected."

During the pandemic, Lattimore pioneered programs to deliver hot meals to residents' apartments and send them letters letting them know that the staff was there for them in their time of need. At Christmas time, she and her team stuffed Christmas stockings with hand sanitizer, memo pads and pens for each resident.

Even the residents' families get involved in the community spirit, Lattimore says. "This past Valentine's Day, one of the residents' daughters brought Valentine's Day decorations and posted them on every resident's door. The way everyone comes together makes it easy for me to manage these communities."

SAVE THE DATE: MEET US IN WASHINGTON D.C.

We have decided to host this year's annual meeting in-person at The Intercontinental - The Wharf in Washington D.C. on **Tuesday, December 7 and Wednesday, December 8, 2021**. We will also be live streaming the conference so there will be an option to attend virtually. Official invites will follow in June.

[Click here to add this to your calendar.](#)

