



AVANATH ACQUIRES RIVER RUN SENIOR IN CORONA, CALIFORNIA

Avanath has acquired River Run Senior, a 360-unit senior affordable housing community in Corona, California.

The acquisition marks the company's second purchase in Riverside County and brings Avanath's Southern California holdings to 11 properties.

"River Run Senior presented an opportunity to increase Avanath's footprint in Southern California and in one of the top 50 best cities in America for outdoor activities," says John R. Williams, President and CIO of Avanath Capital Management. "It also adds another well-maintained and highly occupied senior community to our portfolio."

The region has a demonstrated lack of supply of affordable senior housing. Corona has only 719 units designated as low income, and Riverside County has only 5,499 units dedicated to affordable senior living. Meanwhile, Corona has 16,817 people over age 65, and Riverside has 356,641 people in that age range.

"River Run has limited competition, which positions the property to continue remaining highly occupied," says Williams.

360-Unit Senior Affordable Housing Community



River Run offers easy access to major thoroughfares that connect residents to neighborhood conveniences, dining, shopping, and entertainment venues. A nearby commuter rail station provides connecting service to Los Angeles and other local cities.

River Run is located at 863 River Road in Corona, California.

River Run



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FIVE PREDICTIONS FOR MULTIFAMILY INDUSTRY IN 2022

by Daryl J. Carter, Founder, Chairman & CEO

As we conclude 2021, we both reflect on the current year and look into our crystal balls and make predictions about the coming year and beyond. As we take a snapshot of the multifamily industry today, we see the following:

- The worst of the pandemic is behind us, but Covid continues to have an impact. Our transition to a “new normal” has created supply chain issues, inflationary pressures, and labor shortages.
- We continue to have a significant supply/demand imbalance which is drastically increasing rents and further exacerbates the need for affordable rental housing. Avanath’s occupancy throughout its portfolio is in the high 90s — with many properties having waiting lists.
- We have significant capital flows in the multifamily industry, especially in the affordable multifamily and single-family rental sectors.

The upcoming year, 2022, will be my 41st year of working in the commercial real estate industry. As an Analyst at Continental Bank in Chicago in 1981, I entered the industry in a highly inflationary environment where long term mortgage rates hit an all-time high of 16.85%. Back then, I had limited context to predict anything about the future of the industry. There is much that you see and experience over 40 years.

So, I thought I would share 5 predictions for the multifamily industry in 2022:

1. More Section 8 Vouchers: The Biden Administration has recommended \$25 billion for rental assistance in the Build Back Better legislation. This will provide much needed rental assistance to an additional 300,000 of low-income

households. I believe that our affordability crisis across the U.S. will make this a politically feasible initiative.

2. More capital flows into all multifamily sectors: Domestic and foreign investors continue to invest in all segments of the multifamily industry, with the greatest focus on two sectors – affordable housing and single-family rentals. This will continue to fuel the growth of Avanath’s affordable preservation business.

3. Fintech innovations will continue to transform the industry: Crowdfunding platforms, digital leasing, affinity credit cards for rent payments, electronic access systems, and other innovations are enhancing our operating efficiencies. Avanath is evaluating using crowdfunding technology to provide our residents the opportunity to invest in our properties – providing low- and moderate-income renters with wealth creation opportunities.

4. Growth of multifamily investment in non-gateway markets: Work-from-home is shifting the demographic landscape of America. While cities like New York City, Washington DC, Los Angeles, and San Francisco, will continue to be the major focus of investors and developers, other cities are becoming more attractive because they are affordable and have progressive development policy. Two cities I am bullish on are Detroit and El Paso. Detroit and El Paso are border cities and major distribution hubs. We are breaking ground on a development property in Detroit next spring that will have a cost basis that is 35% of new construction in coastal cities.

5. ESG will continue to grow in importance in the multifamily industry: Avanath’s mission has put much emphasis on the “S” – social impacts – in many of the services we provide our residents, including wellness, after school programs, and financial literacy. We are putting more emphasis on the “E” – clean energy and water preservation. We see many credible options/strategies for greater solar power usage. These strategies are certainly important to multifamily investors, but increasingly important to our residents.

There is certainly an element of wishful thinking in these predictions – as we at Avanath are optimists – but many of these trends are already happening and likely to proliferate in 2022.

I am quite thankful for my 40 years in the commercial real estate industry. I am very excited for 2022!



AFFORDABLE HOUSING WILL REMAIN AN ATTRACTIVE POST-PANDEMIC INVESTMENT OPPORTUNITY

Guest Column by David Kozlicki, CFA, Head of Americas – Multi-Managers Real Estate of the Real Estate & Private Markets Business for UBS Asset Management



David Kozlicki, CFA

While COVID-19 proved to be a major challenge to many property types, affordable housing held steady and strong. The Multi-Manager Real Estate Team (“MMRE”), which is part of the Real Estate & Private Markets business within UBS Asset Management and offers indirect global investment solutions for real estate, continues to have a favorable outlook on affordable housing across the U.S., and we believe investors will continue to benefit from this asset class well after the pandemic.

The industry continues to be undersupplied, and demand is growing as traditional multifamily rents rise. We expect the demand for affordable rental units to persist in outpacing supply given the cap on new supply caused by the annual limits of tax credit allocations.

Further, as a result of the supply/demand imbalance, low vacancy and long waitlists in dense locations should continue and will also likely drive annual rent growth near the maximum allowed limits under the area median income (AMI) guidelines. This bodes well for investors in the market.

We also believe the affordable housing sector is one of the few places where investors can have access to defensive cash flows and attractive total returns, while also having a positive social impact on local communities across the U.S.

Avanath, in particular, continues to draw our attention as an investor in this category. In 2019, Avanath and MMRE recapitalized an affordable housing portfolio and

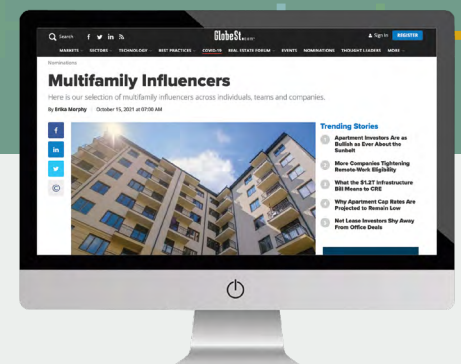
moved the assets into a newly created vehicle. This investment provides us with rare access to a fully stabilized and diversified portfolio of affordable housing assets, offering our clients strong risk-adjusted returns while also investing in socially responsible properties. MMRE has a fiduciary duty to prioritize ESG, and we were impressed with the social programs implemented by Avanath. We view this as a foundational piece of our investment strategy with the firm’s platform going forward.

Avanath also impressed us with its sensible approach to navigating COVID-19. In addition to standard safety investments and improvements in each of its communities, Avanath initiated a 10% rental discount and a forbearance program for all residents who experienced financial hardship due to loss of employment. Avanath also provided wellness programs free of charge. Given this approach, the firm was able to maintain occupancy and collections during a challenging period.

IN THE NEWS: AVANATH NAMED INFLUENCER IN MULTIFAMILY BY GLOBEST.COM

Avanath was recently featured in GlobeSt.com as one of its Influencers in Multifamily. This acknowledgment highlights Avanath’s continued commitment to the affordable housing industry, its residents, and its investors.

Click Here to See the Full Story: [Multifamily Influencers | GlobeSt](#)



COMMUNITY SPOTLIGHT: COVID OR NOT, THIS VIRGINIA COMMUNITY GOES ABOVE AND BEYOND FOR ACTIVE SENIORS

Cascades Village



At Cascades Village, a 150-unit affordable seniors apartment community in Sterling, Virginia, the management team delivers an environment that promotes health, wellness and beauty all year long.

The 55-and-above active living senior community has been supporting its residents this way since Avanath Capital Management acquired it in September 2020, six months into the COVID-19 pandemic, says Yolanda Cropp, community manager for Cascades Village. Cropp, who has overseen the community since Avanath took ownership of it, notes that Cascades Village has consistently focused on its residents' health and well-being.



Yolanda Cropp

"We offer many health and wellness amenities in partnership with the surrounding community," says Cropp. "These include working with the local health department and CVS to offer flu and COVID vaccines and offering new on-site health services including dermatology and podiatry once

a month. We also partner with a community adult service to provide weekday lunches and dinners from Meals on Wheels to residents who are unable to provide meals for themselves."

Beyond these services, Cascades Village strives to deliver a high-quality, beautiful environment to residents.

"Even though it's an active living senior community, we don't want it to feel like a nursing home," says Cropp. "Our community is bright and light. The landscaping is very beautiful, with flowers throughout the property and in the sitting areas, and we encourage

our residents to take part in that. In the springtime, we bought hanging baskets and planting soil, and the residents got together, decorated and filled their baskets with flowers. They felt as though they were working with our landscapers to beautify the community, and they really enjoyed it."

Avanath understands how critical socializing is for residents, even during the pandemic. In adhering to CDC protocols, Cascades Village spaced out its seating and emphasized mask-wearing so residents could meet with friends and family safely. Further, while many property managers' offices were closed during COVID, this community's management offices remained open.

"Some of our residents hadn't seen family members for months because of the virus," says Cropp. "The only socializing they had was seeing someone in the office when they were checking their mail. We kept our offices open so they knew someone was there if they had questions or needed anything. It was very reassuring for them."

AVANATH IS COMMITTED TO THE SAFETY OF ITS RESIDENTS AND ITS PROPERTIES



Goats At the Terraces

Wildfires are a major concern throughout California. We recently partnered with a local herder to have goats delivered to The Terraces, a 190-unit apartment community in Escondido to sustainably remove brush and reduce the risk of wildfires. Fox 5 San Diego also covered this innovative and sustainable approach. [Click Here to View the Story.](#)