

Amherst

Single-family rental

*Supporting housing stability
through long-term capital commitment*

Recently, **Chase McWhorter**, Institutional Real Estate, Inc.'s managing director, real estate and infrastructure, spoke with **Genger Charles**, head of external affairs and impact strategies for Amherst, and **Jessica Thorsheim**, head of real estate management, single-family rentals (SFR), for Amherst. Following is an excerpt of that conversation.

COVID-19 presented an enormous operational challenge for real estate platforms. How did Amherst and its property-management arm, Main Street Renewal, choose to approach its retention processes in the wake of the pandemic?

Genger Charles: Fortunately for us, our internal dialogue on resident retention and support between Amherst and our property-management arm, Main Street Renewal [MSR], dates back years before the pandemic. We had already begun to see the need for disruption and collectively assessed which industry standards were working for our residents and which needed innovation. Since we had resident assistance programs in place, we were more prepared than most real estate platforms, which enabled us to spring into action quickly. Within weeks of COVID-19 hitting, we were able to meet residents where they were by immediately offering the opportunity for our residents to raise their hands and notify us if they were experiencing unexpected financial hardship. Similarly, as soon as emergency rental assistance became available, we were able to leverage our existing Client Assessment, Resource Empowerment and Support (CARES) services team of social workers and program specialists to connect residents to those resources. These existing capabilities enabled us to directly connect residents with solutions to support their housing stability. Through that time, we were

Case Study

Bringing a social work philosophy to property management during COVID-19

- ✔ Mobilized to help residents navigate resources and find local support
- ✔ Helped residents complete nearly 9,000 Emergency Rental Assistance Applications
- ✔ Enabled residents to access \$40 million in support
- ✔ Provided ongoing case management and internal advocacy to residents facing financial hardship



able to offer flexible lease terms and support residents who needed to work through the emergency rental systems process and our resident retention waterfall.

Jessica Thorsheim: The pandemic was an enormous challenge, but as Genger mentioned, we were prepared to address the crisis head on. The need for rental assistance has long been an issue, and COVID-19 exacerbated matters and created urgency. Amherst is fortunate to partner with very collaborative investors and stakeholders, and together we were able to envision programs and accommodations to help our residents maintain their housing. We created a resident retention waterfall modeled after the loss-mitigation waterfall in the mortgage industry. We evolved the model to fit our residents' needs, so we worked with residents on various offerings, such as rent forgiveness, rent reductions, lease modifications and lease forgiveness. We also worked to support emergency rental assistance programs funded by the government. We continue that today, and it is a daily

conversation still on how we continue to augment that waterfall to yield housing stability for our residents.

Can you speak more about the long-term vision for the single-family rental industry that Amherst shares with its investors?

Thorsheim: We are seeking to provide growing families with the choice of a high-quality home in communities of opportunity they likely would not be able to access otherwise. Most of our residents are unable to qualify for a mortgage, especially in today's rising interest-rate environment, where home affordability is even more out of reach. Our investors understand our responsibility in achieving this vision, and they have been integral partners with us as we continue to build solutions to meet the needs of our residents. In the context of the broader market, we have never seen such demand for single-family rentals. Especially following the pandemic, people are looking for more bedrooms with space to work remotely. We have always said that our business model works well for families with pets,

kids and cars because the single-family rental home, unlike multifamily apartment complexes, generally has a backyard, a garage and more bedrooms. For this and many other reasons, the secular shift toward single-family rental homes should continue.

Charles: Part of the proposition of single-family rental homes is centered around the fact that, as a country, we are severely underbuilt in terms of available housing units, and we see the consequence of that in the market today, with the rising demand for a range of housing opportunities, including for this particular type. There is simply not enough housing.

We deliver housing as a solution through the preservation of existing and often dilapidated single-family homes that are past their initial useful life and need rehabilitation to go the distance. The average American home is approximately 40 years old and needs significant investment in improvements.

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– Genger Charles

Through our scaled platform, we are able to invest, on average, \$40,000 into each home we purchase. A house saved is a home built. Through our preservation activities, we add safe and attainable housing stock to the communities we serve, in addition to entering into some wholesale development via both off-site, as well as on-site, construction.

Importantly, the homes we provide are a service to consumers, so it is imperative that we take a resident-first approach. Providing transformed or new homes in communities of opportunity in a way that also enables resident housing stability is a critical pillar in our operations.

Why do you think MSR was more prepared than most other organizations to be flexible with residents and respond to the availability of resources, such as emergency rental assistance?

Charles: We aim to apply the benefits of our scale and resources in ways that can evolve alongside residents' needs and be agile in instances like the pandemic. For years, we have been addressing our resident experience, retention and risk mitigation through a social-work philosophy via our CARES program, which was founded in 2017.

The in-house team of social workers and program specialists has been the tip of the spear in helping us foster productive landlord-resident communication. The team has also played a key role in furthering our efforts to connect residents to rental assistance, exploring and executing every possible pathway to help identify, communicate and ease the distribution

of assistance from agencies to residents in our communities. This team has more than doubled in size since the pandemic and continues to provide year-round support to promote our residents' housing stability.

Thorsheim: To have this kind of meaningful impact on the problems we are trying to solve in today's housing market requires us to think outside the box. Our investors have aligned with Amherst and MSR because they want to challenge the rental-housing status quo, and do that over the long term. We have a 100-year view for our product, the single-family rental

home. Our response to the pandemic has proven that we can evolve beyond industry standards to support our residents' housing stability while still creating value for investors.

You mentioned the emergency rental assistance and the need to be flexible around securing those funds. Many of the distributing programs were slow to launch. How were you successful in raising awareness for the program and helping Amherst residents secure the assistance that they needed?

Charles: Many programs were both slow to launch and continue to be slow to process. The \$46 billion of funds allocated for emergency rental assistance was unprecedented. As someone who spent the bulk of her career in federal service working on housing issues, I have never seen anything like it, and certainly, it was a lesson learned from prior crises, where these support systems did not exist. One of the things we realized was, while the programs may have been late to launch and complex to navigate, there was also a lack of awareness on the part of residents as to their availability. This was where our CARES team – a long-held component of the Amherst and MSR platform – served as a resource to our residents and, critically, worked alongside some of our other teams internally to spread the word about the newly scaled emergency rental assistance programs. Once the programs were live, we were able to get a lot of information to residents through our field teams, who went door to door providing educational materials to residents on how to navigate our proprietary, in-house database of rental-assistance programs, accessible via QR code.

We also sent emails and created a step-by-step video to help our residents navigate the database. Additionally, we conducted proactive outreach by phone, and our teams were prepared to receive residents' calls to offer information and guidance. In a survey we launched to gauge the efficacy of our efforts, we learned that 86 percent of MSR residents who had applied for assistance learned funds were available through our outreach. Of those who applied, 70 percent found the program because we had provided the tools for them to learn about an available resource in their area.

CONTRIBUTORS



Genger Charles
Managing Director and Head of
External Affairs and Impact Strategies
Amherst

Genger Charles leads external affairs and impact strategies for The Amherst Group. In this role, Charles spearheads Amherst's efforts to engage with governmental entities and an array of housing stakeholders to identify opportunities for Amherst to educate policymakers and grow new channels and markets, with a focus on the creation and preservation of affordable and workforce housing. Additionally, Charles leads efforts to implement ESG (environment, social, governance) principles across the Amherst portfolio, including developing data-management techniques and oversight of Amherst's Client Assessment Resource Management Service (CARES) team, which empowers and educates residents to achieve greater housing stability through resource sharing, advocacy and social-emotional support. Prior to joining Amherst, Charles served as a director of banking and capital markets at PricewaterhouseCoopers (PwC). Prior to PwC, she was general deputy assistant secretary and interim commissioner of the Federal Housing Administration (FHA) at the U.S. Department of Housing and Urban Development (HUD). She is based in Washington, D.C.



Jessica Thorsheim
Managing Director and Head of
Real Estate Management,
Single-Family Rentals
Amherst

Jessica Thorsheim is head of real estate management, single-family rentals (SFR), and oversees the key strategies for all real estate operations, including resident experience and performance, central operations, leasing, property control, and asset management. Thorsheim previously served as head of portfolio management, SFR, where she and her team were responsible for key connectivity and performance across operations, resident strategy, capital markets and investor relations. Prior to joining Amherst, Thorsheim was the executive vice president of finance and business development at Everest Healthcare Properties, a Fosun International company and private equity firm focused on healthcare commercial real estate investments. Prior to that, Thorsheim was in key leadership positions across capital markets, business development, strategy and investor relations at Healthcare Trust of America, Cole Real Estate Investments and realtor.com. She is based in Austin.

Thorsheim: It is important to note that 70 percent of our residents would not have otherwise sought this assistance without our education. Our resident base has an average FICO score in the low to mid-600s and an average household income of around \$90,000 a year, with two to three adults contributing to that, and in many cases, our residents have high student debt burdens. Our programs and the emergency rental assistance help our residents get back on their feet in times of crisis or job loss.

Should all single-family rental operators be thinking this way?

Thorsheim: Ideally, yes, but we appreciate that our scale gives us the unique ability to provide wraparound services and be flexible and agile in our approach to addressing housing opportunities. We share some of these initiatives to give tangible examples of how our housing service is uniquely additive to residents and their communities. We understand that we have distinct opportunities to make an impact, and we endeavor to apply our capabilities in the right way to keep our residents first and push the future of housing forward.

Charles: I appreciate the collaboration we exhibit across teams, with a focus on delivering for our residents in a way that is additive to the communities in which we operate. Our platform brings together a range of stakeholders, including our investors, our local vendors, the homeowners' associations,

for people. Impact, when applied well, is compounded.

As future crises inevitably occur, what are some of the key lessons learned for the platform? Which of these augmentations are permanently part of how you do business?

Our response to the pandemic has proven that we can evolve beyond industry standards to support our residents' housing stability while still creating value for investors.

- Jessica Thorsheim

and the municipalities where we operate – who, themselves, are facing the consequences of constrained housing supply and are often pleased to learn of our efforts to create more quality housing. Together we are on a shared mission to expand access to housing opportunities and promote housing stability and positive outcomes


Charles: Our growing CARES team will continue to be a pillar of our retention efforts and emblematic of our approach to housing stability. We have brought on a full-time housing counselor who has launched an ongoing financial empowerment program for our residents. The series of interactive webinars uses a

curriculum designed to teach residents to confidently manage their finances and build their credit scores to help create pathways to homeownership and financial independence, including managing and paying off student-loan debt. These are the types of additive, wraparound services we provide to our residents to promote retention and financial stability. We are constantly listening to our residents and refining our business accordingly. For example, we are launching a new product called RentTrack, which is a reporting service that adds on-time payments to our residents' credit reports, helping boost their credit scores.

Thorsheim: Working with investors to best serve our residents, who are otherwise underserved by today's housing market, will always be key to our partnership – crises or not.

As the COVID-19 hardship recovery programs start to wind down, we are

Amherst CARES Program



Amherst launched CARES in 2017 in collaboration with the University of Texas School of Social Work. CARES features an in-house team of social workers and program specialists who work directly with residents in need. When it comes to housing support, there is no one-size-fits-all approach, and the CARES team offers individualized support, tailored to residents' unique circumstances. CARES team members have been on the front lines of Amherst's response to the COVID-19 pandemic, connecting eligible residents experiencing financial hardship to the federal and local rental assistance programs available to them.

in active dialogue with our investors to explore ways of expanding our participation in programs, such as housing-choice vouchers, other affordable housing options and impact-investment opportunities, all of which will lower barriers to access quality housing.

Today, we have more than 2,800 homes and more than 9,400 residents using the housing-choice voucher system. Those residents often struggle to find quality housing opportunities where they can apply these subsidies. We do not turn them away; we work with them.

CORPORATE OVERVIEW

The Amherst Group ("Amherst") is a vertically integrated real estate investment, development and operating platform that aims to reimagine some of the most fragmented and inefficient pockets of U.S. real estate, including single-family residential, mortgage-backed securities and commercial real estate. Fueled by proprietary technology, deep-rooted expertise and an agile, collaborative approach, Amherst is transforming a slow-to-evolve industry by creating innovative solutions that disrupt the real estate ecosystem from end to end and unlock long-term value for the investors, residents and communities it serves.

Amherst has more than 1,700 employees, \$18.3 billion assets under management and has served more than 225,000 residents across the United States, as of Sept. 30, 2022. As one of the largest operators of single-family assets in the United States, Amherst currently manages more than 44,000 homes across 32 markets in 21 states. Through its debt business, Amherst¹ pursues two distinct credit strategies in mortgage-backed securities and commercial real estate lending.

Please visit <https://www.amherst.com/> for more information.

¹ Managed through Amherst Capital Management

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CORPORATE CONTACTS



Ciara Bartholomew

Head of Corporate Communications
ciara.bartholomew@amherst.com

Ron Miller

Head of Strategic Relationships
ron.miller@amherst.com

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