



Housing stability requires innovation with regard to the E, the S and the G

Recently, **Chase McWhorter**, Institutional Real Estate, Inc.'s managing director, Americas, spoke with **Genger Charles**, head of External Affairs and Impact Strategies for The Amherst Group, about the firm's implementation of ESG principles. Following is an excerpt of that conversation.

Genger, tell me about your career to date, your role as head of External Affairs and Impact Strategies, and how that intersects with ESG at Amherst?

I started my career in federal service at the U.S. Department of Housing and Urban Development straight out of law school, where, in various roles, I played a hand in formulating national housing policy and regulations during what ended up being the greatest housing crisis since the Great Depression. I left HUD as the general deputy assistant secretary and interim commissioner for the Office of Housing, the organizational home of the Federal Housing Administration (FHA). Following a stint as a consultant at PricewaterhouseCoopers, where I served financial-sector clients on regulatory matters and built out practice perspectives on housing issues, I was recruited to join Amherst.

Initially my work was focused on developing collaborative initiatives with federal, state and local government entities and housing stakeholders, and identifying opportunities for Amherst to grow its platform in ways that create, preserve and maintain affordable housing options — a universally beneficial outcome. Forming those relationships required turning an eye inward and ensuring our firm operates in a way that is consistent with the tenets of our firm's mission, as well as broadly held environmental, social and governance principles. Over the past year, we have assembled a cross-platform team to formalize and expand upon our ESG activities. As we systematically advance our efforts in each set of activities across the firm, we work to provide increased transparency to investors and other stakeholders who are similarly trying to advance their own impact.

Where is Amherst on its ESG journey?

Real estate is inextricably linked to land and people, and this gives Amherst an incredible opportunity to make meaningful progress on ESG initiatives that materially improve outcomes for the people who live in our homes and for the environment. I know firsthand that there is a strong connection between housing and opportunity; I directly benefited from my parents' decision to move to an affordable suburb of New York City to give me access to a yard and good schools. On our corporate journey, we have an opportunity to recreate that scenario at scale for thousands of families across the United States.

Across our residential and commercial real estate businesses, we champion integrity, innovation, agility, collaboration and community — our corporate values that form the framework through which we make decisions. ESG fits naturally in that rubric, and now we are taking deliberate steps to expand our existing focus on environmental and social consciousness, and good governance infrastructure.

Many of these tenets are foundational to who we are as a firm, but we also need to honestly assess our impact beyond what we think we are doing, to measure what is actually occurring —

and to create those stretch goals that take us to the next level of accountability and transparency. We are in the process of developing those assessments and sharing our progress in a report that we will distribute to our stakeholders.

Amherst is not just a real estate investment management firm. As an operator of residential real estate, how do you think about your social impact?

Real estate is really about people, and each home, each building, has the potential to serve a very real role to yield opportunity and facilitate connections for people. We believe our focus on people, and our vision for unlocking the crucial role real estate can play in their lives, differentiates our platform.

Across our single-family rental platform, which comprises more than 33,000 homes in 28 U.S. markets, we have the opportunity to serve a lot of residents, each with a different reason for renting. A portion of our residents want to rent, desiring the flexibility and freedom that comes with a yearlong contract and a monthly payment. They don't have to be on the hook to fix a plumbing issue, for instance. There is a larger percentage who need to rent because the tight lending restrictions placed on the mortgage industry following the Great Recession exclude these families from accessing a mortgage. Or they are saddled with high student-loan debts and are unable to save for a sufficient down payment. Yet they have the same needs and dreams as families whose credit profile might qualify them for a mortgage. A rental home is an option that creates access, flexibility and, through our efforts, supply in an otherwise constrained market. At Amherst, we work to provide safe, quality homes that are affordable to residents, in neighborhoods of opportunity.

No matter which group our residents fall into, we are here to operate a platform that opens housing options, allowing our residents to live their lives in safe, quality homes in a neighborhood they want to live in, with all the benefits of a single-family home experience, and to do that in a way that is financially viable for them.

What is an example of a program you've put in place to support your residents?

We have an innovative resident support and advocacy program called CARES — Client Assessment Resource Empowerment Services — which our leadership launched in 2017 in partnership with the University of Texas at Austin's School of Social Work. I have the great pleasure of leading this group as part of my Impact Strategies team. Our goal is to empower and educate residents to achieve greater housing stability through resource sharing, advocacy and social-emotional support. The program has played a critical role in our resident outreach through the pandemic. Residents who choose to engage with CARES have the opportunity to connect with our team, most of whom are trained social workers, and all of whom are specialists in connecting people to resources. They provide tools and information to aid residents in maintaining housing stability and pursuing financial empowerment. This team also formed the backbone of our emergency rental-assistance operations for residents who faced unexpected financial, health and other hardships during the pandemic.

How have things changed for Amherst during the pandemic?

With the onset of the pandemic and the ripple effect of the economic shutdown, we immediately started to rethink the traditional dynamic of landlord and resident. It was a scary time for everyone, and the fear of the unknown was real, but we were able to leverage the past experience of several of our executive team during the Great Recession. This experience, paired with our existing infrastructure, led us to the determination that incentives, concessions and wraparound services were key to changing that dynamic for the better. We found that this playbook has value beyond a crisis in supporting residents through any unexpected hardship.

In the earliest days of the pandemic, we immediately chose to offer our residents the opportunity to self-identify if they were experiencing COVID-related hardships, creating payment plans to help make the rent more affordable for those facing, for example, a reduction in hours. Working with our investors, this approach was able to evolve into an innovative Resident Retention Waterfall (borrowing the idea of loss-mitigation models in the mortgage industry) that could help residents avoid default and stay current. Understanding that, most of the time, residents may just need some flexibility to bridge them to a more financially or secure place.

Through these tools and the services our CARES team provides, we have helped residents get to a place where most are able to pay the next month's rent. We also supported more than 2,000 applications for the critical rental-assistance funding provided by the government. We continue to innovate and treat residents with the respect they deserve as partners in our operation, while still delivering against our fiduciary responsibility to our investors. We think both are possible, and we have made great strides to achieve that goal.



CONTRIBUTOR

Genger Charles

Head of External Affairs and Impact Strategies

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 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 and as general deputy assistant secretary and interim commissioner of the Federal Housing Administration (FHA) at the U.S. Department of Housing and Urban Development (HUD).

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How is Amherst advancing its environmental impact in its residential business?

With the scale of our residential platform, we have a real opportunity to leverage green technologies. This requires understanding the impacts of climate change and the implications for our homes — making decisions about the locations where we buy homes, and the components and systems we place in those homes, to create resiliency and protect both residents and homes from the potential risks of severe weather.

Now it is a question of continuous improvement. We have established the floor, but how do we continue to raise the bar on energy efficiency, water conservation and information we can get into the hands of the residents to help them make more environmentally conscious decisions? How do we account for waste management across the asset lifecycle — from the construction process all the way to a resident living in a home?

What about the commercial real estate lending platform? How do you incorporate that belief system into the credit process?

Unlike our residential platform, where we have day-to-day control over asset-level decisions like energy-efficient appliances and "green" paint and flooring, our commercial real estate platform centers on transitional lending to reposition properties for a new use. We aim to focus on partnering with sponsors with ESG programs in place and that are taking ESG risks into consideration. Climate risk is real estate risk — whether residential or commercial. We are also working to formulate a scorecard to help us better track the ESG performance of potential partners, such as their pursuit of a green-building certification. Through our ESG due diligence checklists, we evaluate our current business practices and our future partners to ensure we are considering those environmental factors and improving the overall impact of our entire platform.

CORPORATE OVERVIEW

Amherst is on a mission to transform the way real estate is owned, financed and managed. Amherst leverages its proprietary data, analytics, technology and decades of experience to seek solutions for a fragmented, slow-to-evolve real estate ecosystem and to materially improve the experience for residents, buyers, sellers, communities and investors. Today Amherst has more than 1,000 employees and more than \$12.3 billion in assets under management, as of Sept. 30, 2021.

During the past decade, Amherst has scaled its platform to become one of the largest operators of single-family assets and has acquired, renovated and leased more than 33,000 homes across 28 markets (30 cities, 21 states) in the United States. The firm seeks to deliver customized, stabilized cash-flowing portfolios of assets to its investors, wrapped in all the ongoing services required to manage, own and finance the asset, including property management, portfolio management and a full capital-markets team. In addition to its single-family rental platform, Amherst's debt business pursues two distinct credit strategies in mortgage-backed securities and commercial real estate lending. Over its 27-year history, Amherst has developed a deep bench of research and technology talent, and leverages data and analytics at every stage in the asset lifecycle to improve operations and preserve long-term value for our investors and the more than 181,000 residents the firm has served.

Please visit: www.amherst.com and www.amherstcapital.com.