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Insider Q&A: Mark Wolf, founder and CEO of AHV Communities

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Whether it's would-be homebuyers frustrated by rising U.S. home prices or renters eager for an alternative to cramped apartment living, many are increasingly opting to rent a house.
The dynamic has persuaded developers like Irvine, California's AHV Communities to roll out communities of newly built houses for rent.

Founder and Chief Executive Mark Wolf spoke recently with The Associated Press about the company's business model and the trends it sees driving demand for new single-family rental houses.

Q: The vast majority of builders build houses for sale. Why build rental houses now, when the tight inventory of homes for sale favors sellers?

A: While everyone deserves and should own a home, not everyone can own a home. So we really wanted to provide a unique, niche product to the market that really adds value to the end user. When you look at our rent and you look at our product, the value is off the charts. The rent is similar to that of what you would rent an apartment for in the neighborhoods we're in. And you get someone a house, which is what everybody wants, but not everybody can afford.

Q: Could you explain how you go about developing these communities?

A: We build communities of single-family homes for rent, managed and maintained just like an apartment, kind of like a country club setting. We put a fitness center, pool, clubhouse and onsite daily management for the community.

We serve as the quarterback from day one until the finish line. We have a whole staff that monitors land process and vertical building. We design these houses. We build these houses for sustainability and durability. We want these to be long-term, livable solutions for folks.

Q: How many communities do you have in the works right now?

A: We recently launched two new communities near Austin: Pflugerville and Georgetown. Those have infrastructure going in -- streets, sewer, water, and all that stuff. Those should be vertical come summer time.

The Pflugerville deal, that's going to be 84 units plus a clubhouse. And then we have another deal up in Georgetown that's going to be 92 units, plus a clubhouse.

Continuing along in Texas, we have two more projects we're closing in the next 45 days. One for 250 units in west San Antonio. And we have another deal in New Braunfels, which is just north of San Antonio and south of Austin, for 211 units.

We're looking at markets like Texas, like the Carolinas, like Tennessee, like Florida ultimately.

Q: You are based in California, but focused on developing these rental communities in the South and Rust Belt. Why?

A: Land prices have a lot to do with it. You can still find reasonable land in the cities we're in. There are a lot of things we look for when we identify a market. Strong apartment rents, that's key and crucial because we look at the alternative to our homes as apartments. So we have to have very strong apartment rents, which are usually driven by jobs and population growth.

So the cities where we're at have a very similar theme, and that's good schools, proximity to good jobs and just growth in general, strong apartment rents, things like that.

Q: What's your long-term strategy? Do you continue renting the houses or do you sell them?

A: The idea is to rent them out through a lending cycle. A 10-year loan term.

The unique thing about what we are as a company is we have a single-family home. And we can always sell it as a single-family home at some point in the future if we choose to or if we need to.

Our preference and our expectation is that we're going to hold these long-term.

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Questions and answers have been edited for length and clarity.