



CAPITOL CONFERENCE

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RENT.COM ♦ TIME WARNER CABLE ♦ VERIZON ♦ YARDI

NATIONAL APARTMENT ASSOCIATION

SUMMARY

MARCH 2009

2009 NAA OFFICERS

Chairman

Ron Shelton

Chairman-Elect

Marc Rosenwasser

Vice Chairman

Mike Gorman

Treasurer

Jerry Wilkinson

Secretary

Alex Jackiw

Past Chairman

Dave Watkins

REGIONAL

VICE PRESIDENTS

Region I

DC-DE-MD-PA-VA-WV

Carl Greene

Jill Levins

Region II CT-MA-ME

NH-NJ-NY-RI-VT

Mike Beirne

Tom Beaton

Region III

IL-IN-MI-MN-OH-WI

Diana Pittro

Marc Cameron

Dennis Funkhouser

Region IV

GA-KY-NC-SC-TN

Linda Page

Scott Wilkerson

David Hirsch

Mike Holmes

Region V

IA-KS-MO-NE-OK

Gary Wilson

Christine Lee

Region VI

AR-NM-TX

Brad Williams

Marc Ross

Mike McDougal

Rick Graf

Region VII

AK-AZ -ID-NV-OR-WA

Jay Olson

Jodi Bart

Region VIII

CO-MT-ND-SD-UT-WY

Rex Gambrell

Janae Jarvis

Region IX

AL-FL-LA-MS

Kathy Ratchford

Susan Truesdale

Ellen Maxime

Region X

CA-HI

Rick Snyder

Mike Goldfarb

Tom Scott

NAA CAPITOL CONFERENCE

March 8-11, 2009

Chairman Ron Shelton presided over the Joint Board of Directors and Assembly of Delegates meeting in Washington D.C. The NAA Board approved the following action items from committees:

Budget & Finance Committee

- Accepted the 2008 Audit.

- Approved that \$935,000 of the 2008 Net Income be transferred as follows:

Emergency Fund (per budget) \$200,000

Emergency Fund (additional) \$400,000

(Brings fund to \$3,500,000.)

Industry Mobilization Fund \$335,000

(Increases fund from \$500,000 to \$750,000).

TOTAL TO BE ALLOCATED. \$935,000

- Approved recommended changes from the Budget & Finance Committee to the Investment Policy and the Reserve Fund Policy.

Independent Rental Owners Committee

- Approved the following definition change to be more inclusive of all owners from:

Current Definition: NAA defines an Independent Rental Owner (IRO) as an NAA member or prospective member that owns or manages a small number of rental properties, and is actively involved, from an ownership perspective, in the management of properties. Typically, these properties are defined as having a small number of rental units at any single location. These smaller-sized properties generally require a unique property management style, as opposed to the management style used for properties of larger-sized companies.

New Definition: NAA defines an Independent Rental Owner (IRO) as an individual or individuals that own or manage rental properties, and are actively involved, from an ownership perspective, in the management of their properties.

National Suppliers Council

- Approved the following companies into the NSC:

- Instar - West Simsbury, CT
(National Restoration/Recovery Rehab Construction)
- PPG Architectural Coatings - Spring TX
(Maintenance - Paint & Wallcoverings)
- Orkin Commercial Services - Atlanta, GA
(Insect Control Product and Services)
- KEYper Systems - Harrisburg, NC
(Key Control)

NAA Education Institute

- 1. Approved the following members as Directors of the NAA Education Institute Board.

Investors Appointed by NAAEI President:

- Angella Dickson, Camden (2010)
- Nadine Peiffer-Seitz, Sares-Regis (2010)
- Tony Sculthorpe, Coinmach (2010)
- Jeff Lowry, McDougal Companies (2010)
- Tom Beaton, Dolben Company (2010)

Elected by NAA Regions:

- Mary Pacini, Chancellor Properties (2010)
- Dianna Pittro, RMK Management(2010)
- Gary Wilson, A.R. Wilson Realtors (2010)
- Kathy Ratchford, UDR (2010)

Elected by Association Executive Council:

- Rose Selman, San Antonio Apt. Assn. (2010)
- Gary Scarboro, Apt. Assn. of Greater Orlando (2010)
- Pam Bennet, Apt. Assn. of Greater Philadelphia (2010)

At-Large NAAEI President Appointments:

- Doug Chasick, Call Source (2009)
- Vicki Sharo, Balfour Beatty Communities (2009)

- 2. Postponed the following motion by the NAA Board for more specific details:

That the NAA Board of Directors approve a \$250,000 expenditure understanding that this expense will cause the 2009 NAAEI Budget to swing from \$204,071 to (\$45,929). *Refer to page 7 for more details.*

Strategic Plan Monitoring Committee

- Approved that the following initiatives be incorporated into the **current NAA Strategic Plan:**

Membership

1. Identify key member segments.
2. Develop targeted products, services and activities for each respective key member segment.
3. Communicate with respective segments in a strategic/focused manner.

Organizational

1. Build, populate and update repository containing valued information for the respective key member segments.
2. Communicate directly with members to better populate database.
3. Build demographic member profiles to populate member segmentation.
4. Develop and execute multiple communication platforms so that members and other key stakeholders receive NAA information through their preferred communication vehicle(s).

- Approved an amended motion (supported by the Communications Advisory Board) subject to approval from Budget & Finance to hire a new staff person whose responsibility will be to create and update a repository of industry research, forms and best practices for the members-only section of the NAA Web site.

2009 CAPITOL CONFERENCE SUMMARY

The NAA Board approved the following action items from the Governance Task Force

NAA Policies & Procedures

- Approved the following policy changes with regard to the Nominating process for NAA officers:*

Nomination Committee

1. (Policy Changes)

- Nominating committee appointments are submitted each year by January 1st from each Region. The Chairman of the Nominating Committee will appoint three (3) Past Chairman of the Board to serve on the Nominating Committee.

- Members serving on the Committee from each region must be an owner/manager with a minimum of 3 years national volunteer experience with the National Apartment Association preferably having served on the NAA Board or the Assembly of Delegates

- The members of the Nominating Committee will be announced to the Board during the January Board meeting and will have its first scheduled meeting no later than the Capitol Conference each year.

- Members of the Committee are expected to attend each meeting and participate in the interview and nomination process. Candidates selected must have 10 committee votes to be appointed to the slate of officers. No proxy votes will be allowed.

- No member of the Nominating Committee may be a nominee.

2. (Procedures Changes)

- The Committee will decide via conference call who they will interview prior to their scheduled meeting.

- An extensive interview process will be conducted by the Committee during the Fall Board of Directors Meeting.

- Committee will vote by ballot and tally results. Nominee must receive 10 committee member votes to secure a nomination.

- Slate of proposed Officers by the Nominating Committee will be announced

during the Fall Board of Directors meeting.

NAA Bylaws

* The following communication was sent to all Delegates of NAA on March 12, 2009:

You are receiving this email because you are a Delegate for your state for NAA's Assembly of Delegates. During our recent Capitol Conference, a Governance Task Force was convened in part to review our current nominating process for NAA officer positions. The Task Force did recommend changes to the NAA Bylaws.

In order to begin the nominating process for 2010 (with the proposed changes), we cannot wait until our next regularly scheduled Assembly meeting on June 24, 2009. The Bylaws require that the Assembly receive at least 30-days notice prior to a vote on proposed amendments to the Bylaws. Please click [here](#) to submit your vote on or before April 12, 2009.

CURRENT BYLAWS

ARTICLE X – OFFICERS

Section 2. Nomination and Election. The Nomination of Officers shall be in accordance with these Bylaws and the NAA Policies & Procedures. The Nominating Committee will include the Immediate Past Chairman who shall serve as the Chairperson and one (1) Regional Vice President from each region. In cases where a Regional Vice President intends to run for office, the Regional Vice President in question will ask the Chairman of the Board to appoint an owner/operator member from that particular Regional Vice President's region to serve on the Committee. This Committee shall interview and nominate candidates for the offices of Chairman-Elect, Vice Chairman, Secretary, and Treasurer, and report the nominees to the Delegates.

PROPOSED CHANGES TO THE BYLAWS

Section 2. Nomination and Election. The Nomination of Officers shall be in accordance with these Bylaws and the NAA Policies & Procedures. The Nominating Committee will

2009 CAPITOL CONFERENCE SUMMARY

include the Immediate Past Chairman who shall serve as the Chairperson; **three (3) Past Chairman of the NAA Board of Directors, and one (1) Member from each Region.** ~~one (1) Regional Vice President from each region. In cases where a Regional Vice President intends to run for office, the Regional Vice President in question will ask the Chairman of the Board to appoint an owner/operator member from that particular Regional Vice President's region to serve on the Committee.~~

This Committee shall ~~interview and~~ nominate candidates for the offices of Chairman-Elect, Vice Chairman, Secretary, and Treasurer, and report the nominees to the Delegates.

PROPOSED AMENDED BYLAWS

Section 2. Nomination and Election. The Nomination of Officers shall be in accordance with these Bylaws and the NAA Policies & Procedures. The Nominating Committee will include the Immediate Past Chairman who shall serve as the Chairperson; three (3) Past Chairman of the NAA Board of Directors, and one (1) Member from each Region. This Committee shall nominate candidates for the offices of Chairman-Elect, Vice Chairman, Secretary, and Treasurer, and report the nominees to the Delegates.

ASSOCIATION EXECUTIVE COUNCIL

President - Paul Smith
Utah Apartment Association

AEC Executive Committee members and NAA committee liaisons were introduced, each giving a short description of their responsibilities.

Preliminary plans for the AEC professional development during the NAA Education Conference and Developing Excellence Conference were discussed. Pam Bennett asked each council member to submit suggestions to assist in the program development process.

Doug Miller of SatisFacts reported that the AE Compensation Survey is complete and that the results will be sent to all AEs on Monday, March 9.

The second half of the Maintenance Mania® season is in full swing, with nearly 50 affiliates participating, up from 35 the previous season. One sponsor had to withdraw their sponsorship for financial reasons. Affiliates will be notified of this change via email. Representative from NAA and HD Supply will be meeting next month with potential sponsors of the 2010 season. The Maintenance Mania® National Championship will take place during the NAA Education Conference & Exposition in Las Vegas on June 27, 2009.

A total of eight AEs are currently paired with a mentor and three additional AEs have requested mentors since the meeting in November. The council will form a Mentoring Program Advisory Committee who will be responsible for overseeing and evaluating the program. The AEC executive committee will be soliciting volunteers to serve on the panel.

The affiliate support concept was introduced to the Council, detailing the goals and objectives of the program. The AEC will form a task force comprised with a representative from each of the 10 NAA regions to assess and refine the program and to submit a recommendation to the Membership Committee before moving forward.

The 2009 AEC Plan of Work was introduced, outlining the Council's priorities for the year.

2009 CAPITOL CONFERENCE SUMMARY

BUDGET & FINANCE COMMITTEE

Chair - Jerry Wilkinson
Wilkinson Real Estate Advisors

AUDIT:

The Budget and Finance Committee reviewed the audit, management letter and communications letter. Net revenue over expense was \$1,183K.

As in prior years, NAA has a qualified opinion letter because NAAEI does not record pledges until cash is received.

There are no management letter issues this year.

The Budget and Finance Committee and the NAA Board of Directors approved the audit as presented.

DISTRIBUTION:

The net NAA income for 2008 was \$1,183K. The Budget & Finance Committee recommended and the Board approved the following distribution:

Emergency Fund (per budget) . . .	\$200,000
Emergency Fund (additional)	\$400,000
<i>(Brings fund to 3,500,000.)</i>	
Industry Mobilization Fund	\$335,000
<i>(Increases fund from \$500,00 to \$750,000)</i>	
TOTAL TO BE ALLOCATED.	\$935,000

Recommended changes from the Budget & Finance Committee to both the Investment Policy and the Reserve Fund Policy were approved by the NAA Board of Directors.

COMMUNICATIONS ADVISORY BOARD

Chair - Victoria Cowart
Darby Development Company

The Communications Advisory Board recommended that NAA invest resources to hire a new staff position whose responsibility will be to create and update a repository of industry research, forms and best practices for the members-only section of the NAA Web site.

Other Advisory Board discussions included:

- The feasibility and content that would go with the NAA online repository.
- The current climate of dealing with renters who lose their jobs.
- A rise in popularity of studio, one-, two and three-bedroom units based on Gen Y residents and other residents who are choosing to move back home to live with parents, but also those who are choosing not to share units or move back home.
- NAA's ongoing, online survey of membership that asks it how often and by what method NAA should communicate with members.

NEWS WORTH MENTIONING

(Dana Perino spoke to attendees during the Capitol Conference)

Politico.com, the most widely read online political news source, mentioned Dana Perino's presentation at NAA. From Mike Allen's Playbook column:

DANA PERINO, just back from Africa, gave her first paid speech yesterday, to the National Apartment Association. She tells Playbook on her new iPhone: "It was fun to be behind a podium and not feeling like I was going to be beat up."

2009 CONFERENCE COMMITTEE

Chair -Mike McDougal
The McDougal Companies
Co-Chair - Andrea Massey
RealPage Inc.
Co-Chair - Paul Smith
Utah Apartment Association



**NAA EDUCATION
CONFERENCE & EXPOSITION**
June 25-27, 2009 | Las Vegas, NV

**IT'S A NEW GAME
KNOWLEDGE IS POWER**

2009 CAPITOL CONFERENCE SUMMARY

The 2009 Education Conference will be held on June 25-27, 2009 at the Mandalay Bay Resort and Casino in Las Vegas.

Mike McDougal recognized the 21 metal sponsors for the Education Conference & Exposition:

Platinum Sponsors

Apartment Finder
Apartment Guide
AZUMA Leasing
AT&T
Coinmach
Comcast
CORT
For Rent Media Solutions
HD Supply
Mac Gray
RealPage
Rent.com
Time Warner Cable
Verizon
Yardi

Gold Sponsor

Wilmar

Silver Sponsor

Resident Data

Bronze Sponsor

First Advantage SafeRent
Intuit
Lowe's
MOEN

Room Rates have been Reduced

Mandalay Bay is now \$129 (was \$227),
THEHotel is \$169 (was \$267),
Luxor is \$79 (was \$129).

General Sessions

Dana Carvey and Steve Forbes are general session speakers.

Jim VandeHei, Co-founder and Executive Editor of Politico, and Chris Lee, President, CEL & Associates have been secured for the

Friday general session. VandeHei will provide a political perspective as well as moderate the session. CEOs will be named for this panel shortly.

Marketing

- Six page inserts will be included in the March – June issues of units.
- A marketing brochure will be mailed out to target audiences in March.
- The conference micro site has been developed – www.naahq.org/educonf
- An affiliate toolkit is available online. The toolkit has logos, ads, signatures, and other material available to affiliates to help promote the event. This tool kit will be duplicated for exhibitors/sponsors.
- Stickers have been developed that will be used for all mail pieces from the NAA office. In the future, affiliates will be able to order stickers and post cards for any mailings to members.
- A DVD of the conference trailer video will be mailed to all affiliates. The DVD can be used at meetings or for other presentations to help promote the conference.
- A customizable flyer will also be developed for use by affiliates and exhibitors/sponsors.

Registrations

Mike reported that as of 3/6/09, we had 1261 total attendees. For year-to-date in 2008, we had 1171 attendees. This is an increase of 90 attendees. Mike indicated that he is cautiously optimistic since other meeting industry events are showing 20-30% declines in registration counts.

Region Registration Goals - Paul Smith

Paul stated that due to the decreased room rate, it is ideal time to bring more attendees to the event. The reduced rates make it easy to justify sending teams because of the cost savings. Committee should focus on the value/ROI of the event and discuss networking, education, and value.

2009 CAPITOL CONFERENCE SUMMARY

Host Committee

The local affiliate is very excited about organizing the volunteers for the Host Committee. Marc Ross and Rosemarie Selman will meet with the Las Vegas affiliate on April 21st. The volunteers will receive a discounted rate of \$400, and a hard copy form will be available for the volunteers. A copy of the sign-up form was available during the Capitol Conference during the Joint Board and Assembly meeting.

Opening Party

Margette Getto discussed that planning was ahead of schedule, and the opening event will have a game theme (video games, simulation games, and board games). The sponsorship goal is \$138,000. Forms are available for pledges during the committee meeting and during the Capital Conference.

Education

Alex Jackiw reported that we have a total of 53 sessions and the thought leaders are all secured.

Green

Susan Sherfield reported that several green initiatives have been implemented for the conference. Copies of the initiatives were included in the committee packet and are available online. Materials (conference bags, etc.) will be recycled onsite and donated to local charities. Additional ideas can be submitted to Susan.

Closing Event

The Pat Monahan Band has been secured as entertainment for the closing event. Monahan is the lead singer of the Grammy award winning rock band Train.

NAAPAC Golf Challenge

The NAAPAC Golf Challenge will be held on Tuesday June 23, 2009 at Bears Best Las Vegas during the June Education Conference. We need volunteers to join the Golf Committee. Committee members help to

get other sponsors for the tournament, players registered, items for the gift bags and prizes donated. Contact Irica Solomon about volunteering for this committee or for other golf event questions at Irica@naahq.org

Thank you to the Conference Committee, Sponsors, NSC, AE and Board members for all of their hard work and continued efforts in marketing the 2009 NAA Education Conference & Exposition.

Knowledge is Power See you in Las Vegas!

NAA EDUCATION INSTITUTE

President - Alex Jackiw

Buckingham Companies

Vice President - Rick Graf, Pinnacle

Secretary/Treasurer - Mike Gorman

Edward Rose Companies

President Alex Jackiw reported the following:

The NAAEI Board of Directors approved that NAAEI staff work with Connor Environmental and promote the availability of EPA Renovation, Repair and Painting training courses that can be offered by NAA affiliates to help members meet the EPA training requirements before the April 2010 deadline.

The NAAEI Board approved the new designation logos for CAPS, CAM, NALP, and CAMT. In a related item, the NAAEI Board unanimously approved to change the title Certified Apartment Property Supervisor to Certified Apartment Portfolio Supervisor.

The NAAEI Board approved the use of an interim provisional NAAEI designation for students who complete all course requirements and pass the designation exam but do not have the required industry experience. Students can use for example: CAMT In Training during this period.

2009 CAPITOL CONFERENCE SUMMARY

The NAAEI Board approved that NAAEI develop a generic version of the GAIEF Career Paths booklet and make an electronic version for affiliate use.

Background

The NAAEI Board voted in November, 2008, on the following motion:

Minutes: 11/13/08 NAAEI BOARD MEETING
Motion:

To approve the request that the Georgia Apartment Industry Education Foundation contact NAA members in Atlanta who had contributed to the former NAA Education Foundation endowment fund and ask them to remove the restrictions placed on their contributions.

Once restrictions are removed from these funds, approve NAAEI to pay the Georgia Apartment Industry Education Foundation \$250,000 for the use of the Apartment Career Guide template, apartment industry learning modules and an apartment industry simulation game to kick-start a national apartment career program in all 50 states.

Approval: The motion unanimously passed.

In reliance on that vote, several donors wrote NAAEI to remove the prior restriction on their donations directing that they be used to support the acquisition of GAIEF education programs by NAAEI.

This same topic was revisited by the NAAEI Board in its Sunday, March 8, meeting.

A task force was appointed to further study this issue. The task force was chaired by NAAEI Vice President, Rick Graf. Other members included John Mitchell, Rose Selman, Scott Wilkerson, Jerry Wilkinson, and Bill Wollinger.

Task Force Report

The task force met Monday, March 9th and concluded that NAAEI should develop a gift policy and require written agreements from donors.

NAAEI Staff will begin development of those policies immediately.

Task Force members voiced a concern about setting the precedent of donors being able to

unrestrict gifts and then direct those dollars to another purpose. It was their recommendation that NAAEI honor its commitment to GAIEF using NAAEI operating funds.

The Task Force explored whether NAAEI could meet the goal stated in the approved motion to launch a national apartment career program in all 50 states. NAAEI staff reported that they can easily modify and make the materials donated by GAIEF available to NAA affiliates. It was acknowledged that affiliates may lack the financial and human resources necessary to promote these programs to their state boards of education, community colleges and other education entities and, if adopted by those entities, be able to provide enough printed copies of the Apartment Career Guide to distribute throughout each state.

At this point the Task Force believes the national rollout of materials would be unsuccessful.

NAAEI Next Steps

The next meeting of the NAAEI Board is in June 2009.

The proposed expenditure of \$250,000 was not reflected in the 2009 NAAEI Budget that the NAA Board approved in November 2008.

The NAAEI Bylaws require that the annual budget be approved by the NAA Board of Directors and includes this language: "Proposed amendments to bylaws, annual business plans or other activities may be reviewed by the NAA Board of Directors at any meeting."

Ms. Jackiw asked the NAA Board to exercise its oversight function to review the November 2008 decision of the NAAEI Board.

Motion:

I move that the NAA Board of Directors approve this \$250,000 expenditure understanding that this expenditure will cause the 2009 Budget to swing from \$204,071 to (\$45,929).

This motion was postponed by the NAA Board during its meeting for more specific details including payment terms; Business Plan; Is there a market; Who can the program be sold to.

2009 CAPITOL CONFERENCE SUMMARY

INDEPENDENT RENTAL OWNERS COMMITTEE

Chair - Greg Guerrero
Apartment Services Company

There were several goals and objectives that the IRO committee identified and voted on that will be the committee's primary objectives for 2009.

- Develop Communications and Marketing Strategy for IRO DVD, ROC and IRO Resource Guide.

- Look at revising IRO definition to make it more inclusive but also better define the different segments within the IRO community.

- Develop mentor group to bring in more members to NAA and develop IROC's on a local and state level.

- The NAA IRO Committee voted today to revise the current IRO definition to one that is more inclusive of all within the IRO market.

- Our current definition limits who is an independent rental owner excluding about 50% of the current IROs on the national committee.

- The current definition is:

NAA defines an Independent Rental Owner (IRO) as an NAA member or prospective member that owns or manages a small number of rental properties, and is actively involved, from an ownership perspective, in the management of properties. Typically, these properties are defined as having a small number of rental units at any single location. These smaller-sized properties generally require a unique property management style, as opposed to the management style used for properties of larger-sized companies.

The new definition approved by the Committee and the NAA Board is:

NAA defines an Independent Rental Owner (IRO) as an individual or individuals that own or manage rental properties, and are actively involved, from an ownership perspective, in the management of their properties.

LEGISLATIVE COMMITTEE

Chair - Brad Williams
Lincoln Property Company
Nation Issues Chair - David Hirsch
ECI Management Corporation
State & Local Issues Chair - Rick Snyder
R.A. Snyder Properties

Attention was given by the Committee to the NAA Board initiative to increase the names in NAA's grassroots involvement.

Jackson Anderson of Connor Solutions provided information to the committee on the new requirements for members under the EPA's Lead-Based Paint Renovation, Repair and Painting Rule.

The legislative committee did pass a motion to release more than 40,000 e-mails in the membership database for use in the AIMS/grassroots expansion effort. Staff is tasked with moving that project forward.

NAA/NMHC staff provided an update on activities on Capitol Hill. Attention was given to Low Income Housing Tax Credits, single-family initiatives, Card Check legislation that is about to be introduced in Congress, carried interest and green buildings. Staff also provided an update on the Accessibility study being conducted through Syracuse University to counteract the lawsuits being seen across the country.

NAA staff provided updates on state and local policy issues including sprinkler retrofits, including the New Jersey Apt. Assn. funding request approved in January, state budgets, bed bugs and foreclosure proposals. Staff also solicited information to assist the Boston affiliate with water rate relief.

Regional representatives on the committee were asked about current issues facing their areas. Topics discussed included lead-based paint, increasing inspection fees, foreclosure legislation, property appraisal uniformity, a lease-breaking opportunity for crime victims, carbon monoxide detectors, rent control and water rationing.

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The committee was also provided updates by the newly created Affordable Housing Task Force and the bed bugs task force.

NAAPAC

Chair - Mike Holmes
Easlan Management

2008-20099 Update of NAAPAC

Finances:

- In 2008 NAAPAC raised \$239,734.00
- In 2008 NAAPAC disbursed \$305,500 to candidates, Members of Congress and Political Party Committees – we gave to 105 individuals plus the committees
- In 2008 BGF raised \$115,630.00
- End of t2008 NAAPAC had \$149,319.34 in the bank
- To date in 2009 NAAPAC has disbursed \$22,500 to Members of Congress and Political Party Committees.
- As of 2/29/2009 NAAPAC has \$143,819.34 in the bank.

Fundraising Update

2009 Goals for PAC Committee:
PAC goal is \$350,000.
BGF Goal is \$200,000.

These were established by the Board of Directors and is one of the Board's goals as well.

Recognition

Mike thanked the Lyceum for raising \$500 in their Legislative Lyceum Session on Saturday.

He thanked Saint Louis Apartment Association for being the first affiliate to Fund their Future

He recognized the following affiliates for also Funding their Future:

Greater Knoxville
Greater Nashville
Greater Memphis
Kansas City
North Alabama

Apt Assn of the Panhandle
Birmingham Apt Association
Fort Collins Colorado
Louisville
Mobile Apt Assn
Montgomery Apt Assn
Utah
Springfield
Upper State

NAAPAC Event

NAAPAC Golf Challenge is being held June 23, 2008 at Bears Best in Las Vegas during the June Education Conference. Volunteers are needed to join the Golf Committee. Committee members help to get other sponsors for the tournament, players registered, items for the gift bags and prizes donated.

Strategic Spending Plan

A list of Members of Congress NAA will give to was approved by PAC and Legislative Committees.

LEASE ADVISORY COMMITTEE

Chair - Dave Watkins
Greystar
Co-Chair - Cheryl Pucci

The National Lease Program set sales records again in 2008.

A record 19,146,500 clicks were sold in 2008, a 30% increase over 2007.

1332 new communities joined the lease program in 2008.

NAA is currently on pace to sell 24,000,000 clicks in 2009.

LEADERSHIP LYCEUM

Chair - John Ridgway
Celtic Realty Advisors

John Ridgway reported that the primary Leadership Lyceum Goal for 2009 was to make the Lyceum curriculum more NAA-specific. We believe this will help each candidate better understand how their volunteer leadership fits into the organization; and, this in turn, will enable our graduates to be better stewards of the organization.

2009 CAPITOL CONFERENCE SUMMARY

Eleven Leadership Lyceum candidates graduated at the 2009 Capitol Conference.

The following graduates were recognized:

- Josie Eatmon, Triangle Apartment Association
- Laurie Farris, Mississippi Apartment Association
- Kara Garst, Austin Apartment Association
- Margette Getto, The Apartment Guide
- Eric Leonard, Appliance Warehouse of America
- Ellen Maxime, Mobile Bay Area Apartment Association
- Sidney Mitchell, Northwest Arkansas Apartment Association
- Jay Olson, Washington Multi-Family Housing Association
- David Record, AMG Managed Services
- BJ Rosow, AZUMA Leasing
- Tom Wood, Utah Apartment Association

Owner/Manager members may enter the program through their local affiliate and NAA is currently accepting applications for the next session during the Education Conference on June 26, 2009.

Supplier members should contact the NSC directly for an application.

For more information please contact Karen Goggin at 703/518-614 x107 or karen@naahq.org.

MEMBERSHIP COMMITTEE

Chair -Linda Page

Edwin B. Raskin Company

Member Relations Chair - Mike Beirne

The Kamson Corporation

Member Services Chair - Marc Ross

Bob Ross Realty

NAA currently represents 53,506 members and 6,531,418 million units. Last year at this time NAA represented 50,583 members and 6,316,192. NAA has gained 2,923 members and 215,226 units since March of 2008.

NAA began its affiliate/regional membership competition in January. The competition recognizes affiliates that experience the greatest percentage growth during the competition period Jan. 31 thru Dec. 31, 2009. Affiliates compete in four membership size categories, which are based on total number of member units. The theme for the competition is "Get Green, Come Grow with Us." NAA will offer cash incentives to the winning affiliates in each of the four categories, as well as other incentives throughout the competition period.

Other initiatives the Membership Committee will be embarking upon this year include targeting key member segments and identifying benefits and services that meet their needs.

The Committee drafted a survey that will be sent to members to help identify potential products and services that can be offered to different member segments.

The Committee will work with Fleishman-Hillard to create an awareness campaign to communicate the value and relevance of NAA to members and potential members.

The Committee will focus its efforts on creating dashboards of key performance indicators as a means of measuring the success of our affiliated associations, while giving guidance and direction to underperforming affiliates and identifying opportunities for growth. Monitoring these standards allows NAA to recognize top performers and share best practices with others. But more important, NAA can respond quickly when an affiliate's performance is troublesome.

On the recruitment front, NAA will focus its efforts on market penetration within existing affiliate markets to assist with growth.

Other topics of discussion included social media initiatives such as Aptly Spoken, the new NAA blog, Facebook, LinkedIn and Tweeter.

2009 CAPITOL CONFERENCE SUMMARY

NATIONAL SUPPLIERS COUNCIL

Chair - Andrey Massey
RealPage Inc.

The National Suppliers Council (NSC) identified goals and objectives that will be the Council's primary objectives for 2009 including:

- Identifying additional ways to highlight the National Suppliers Council (NSC) through NAA's communication vehicles.
- Using the Online Buyers Guide as a tool to attract more members to use the products and services offered by NSC members.

New NSC members that have joined the NSC since our last meeting:

1. Instar

West Simsbury, CT

Type of Business: National Restoration/Recovery/ Rehab Construction

2. PG Architectural Coatings

Spring, TX

Type of Business: Maintenance – Paint & Wallcoverings

3. Orkin Commercial Services

Atlanta, GA

Type of Business: Insect Control Product and Services

4. KEYper Systems

Harrisburg, NC

Type of Business: Key Control

PRIVATIZED MILITARY HOUSING COMMITTEE

Chair - Sam Merrick

Lincoln Military Housing

The Privatized Military Housing Committee had two meetings during the conference, a business meeting and the annual Privatized Military Housing Roundtable.

Discussions at the business meeting surrounded oversight, lease standardization and a white paper on the benefits of privatization. The annual privatized military housing

roundtable was well attended, with multiple representatives from the different service branches and the Office of the Secretary of Defense. Issues discussed related to the current economic crisis and its impact on the privatized housing projects, installation access for housing providers and the associated service providers and contractors, how the installation housing offices can be better used to support customer service and how they can be more exposed to the privatized side of the partnership to better understand management operations.

STUDENT HOUSING COMMITTEE

Co-Chair - Paul Dougan

University Furnishings

Co-Chair - Mike Peter

Campus Advantage

The Student Housing Committee discussed the success of the 2009 Student Housing Conference. We exceeded budget in each of the three revenue areas and had 739 attendees.

In response to creating a Student Housing Designation, a motion was passed to have NAA Education Institute create a needs assessment to explore the viability of a student housing curriculum and designation. The needs assessment will discuss potential topics, content and delivery methods.

The committee has begun working on plans for the 2010 Student Housing Conference and intends to put the call for presentations out sooner this year and solidify a venue within the next month.

STRATEGIC PLAN MONITORING

Chair - Marc Rosenwasser

Meadow Wood Property Company

The objectives of the 2008 member surveys to calibrate our 3-year, long-range strategic plan and as a foundational piece for NAA's branding initiative were reviewed. Vertical Leap conducted

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member surveys ending in the second quarter of 2008, with a 93% delivery rate, 34,000 people surveyed and 5,000 responses. There are several key opportunities identified as a result of these surveys, as follows:

Membership

1. Identify key member segments
2. Develop targeted products, services, and activities for each respective key member segment.
3. Communicate with respective segments in a strategic/focused manner.

Organizational

1. Build repository containing valued information for the respective key member segments.**
2. Communicate directly with members to better populate database.
3. Build demographic member profiles to populate member segmentation.
4. Develop and execute multiple communication platforms so that members and other key stakeholders receive NAA information through their preferred communication vehicle(s).

There was discussion regarding to include the above initiatives in the 2009 Strategic Plan.

**This initiative was considered of the highest priority, and the language was changed to include "Build, populate and update repository..." when recommending this to the Board for inclusion into the Strategic Plan.

Since this online resource will need to be built in a focused manner, a "Repository Manager" should be hired with the primary responsibility of developing and executing strategies to solicit and obtain input/data/information from key stakeholders, i.e. member segments, AEs, and suppliers. This material will be uploaded and maintained via NAA's online Web site library.

The NAA Board did approve including the outlined opportunities from the member survey into the current Strategic Plan.

The NAA Board also approved an amended motion, (supported by the Communications Advisory Board) subject to approval from Budget & Finance, to hire a new staff person whose responsibility will be to create and update a repository of industry research, forms and best practices for the members-only section of the NAA Web site.

REPORTS FROM TASK FORCES

AFFORDABLE HOUSING

Chair - Robert Tinning
Churchill Residential Management

The Task Force's first meeting included members of NAA and NAHMA, along with staff from NMHC.

The purpose of the Affordable Housing Task Force has been defined by the group to work together to tell our story and garner a change in the affordable housing program's system. The Task Force will be developing a unified "case" to be delivered to the public.

The Task Force will gather case studies to build support for correcting the system currently in place.

The Task Force will be prioritizing 3-5 issues that focus on asset management and quality of life/housing/social good.

The overall focus will be to look at:

- Why the affordable housing programs were developed;
- Why the programs may not be successful with the current affordable housing business model;
- What it will take to make them successful; and
- Steps to take with all levels of government to make these changes happen.

The three associations will have a united front moving this forward.

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GOVERNANCE

Chair - Dave Watkins
Greystar

The Governance Task Force will review the following throughout the course of this year.

Nominating Process

The Nominating Committee members have agreed the past two years that the process needed to be revisited. We have followed the current Nominating Procedures since 1996.

Board Development

The Lyceum was established in 2003 to begin educating members for leadership roles and while it has been highly successful, we now need to identify a plan/process for Board development for the next generation of leaders.

National Awards Recognition

Both National Awards Programs are currently underway for 2009 including the PARAGONS Call for Entries and the Hall of Fame committee. The last time a Task Force was convened for the PARAGONS formerly the Victor Awards was in 1999. The Hall of Fame procedures were revisited in 2001 and again in 2006. Since both of these programs are underway for this year, both being recognized during the June Education Conference, the process has begun for this year and the Task Force will be looking to review these programs beginning in June 2009 for 2010.

The Task Force made recommendations (see page 2) for the Nominating Committee.

GOVERNMENT AFFAIRS

Chair - Mike Gorman
Edward Rose Companies

The primary objective of the Task Force is to study and evaluate all aspects of NAA's

legislative/regulatory activities on the local, state, and federal levels. Members of the Task Force hope to take a long term view toward NAA's activities in these areas rather than dwell on past issues. The focus will be on what is best for the industry.

Members of the Task Force met in Dallas on February 24 and again during the Capitol Conference. The Task Force has initially approved many aspects of the recommendations of the Needs Assessment report regarding NAA State and Local efforts. This includes developing an effective grassroots communication network that will enlist additional employees of member companies to participate in political advocacy and to communicate effectively with this network to advocate public issues.

The Task Force has a preference to continue some form of joint federal advocacy with NMHC if that is possible. While mindful of concerns about duplication of effort and costs, the Task Force believes that the more advocates working on behalf of member issues, the greater the likelihood of success on those issues. If NAA is able to complement (but not compete with) the efforts of NMHC, the industry will be better served.

The Task Force asked NAA staff to demonstrate how they might share information developed in response to member/AE inquiries with other members/AEs and to develop some "in house" expertise on priority housing topics as identified by our affiliates, although the particular topics have not yet been selected.

A smaller working group within the Task Force has been asked to refine these issues in anticipation of building a program that benefits our members and the industry.

The Task Force hopes to complete its work in the coming weeks and make a final report to the NAA Board at the June Conference.

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NAA PRESIDENT'S REPORT

Doug Culkin noted the following items that have occurred since the Assembly of Delegates meeting.

1. The Executive Committee approved a request from the New Jersey Apartment Association to fund their fight against sprinkler retrofit. The Committee approved funding up to one-third of the cost for this campaign up to a maximum of \$50,000. The intellectual capital developed to fight this proposal will be made available to any affiliate or state facing similar legislation.

2. NAA's second Annual Student Housing Conference was held in Las Vegas in early February. We exceeded budget in each of the three revenue areas and had 739 attendees. The hotel bill is still being reconciled and we should be able to announce the final results of the conference in several weeks.

3. NAA has begun to reach out to members to provide the names of their employees to assist us in building our grassroots/political outreach program. Letters were first sent to the members of the Government Affairs Task Force and over 3,000 new contacts have already been submitted. A similar request for contact information was marketed during the Capitol Conference.

4. The one revenue budget area that is not meeting goals at this time is *units* advertising. We are about \$110,000 short of goal through the first 3 months of the year. While we have added nine new advertisers, we have forty-six companies that advertised in 2008 that have not yet made a decision on their advertising schedule for 2009. Several twelve-time advertisers in 2008 have significantly reduced their advertisements in 2009. The Townsend Group is working with each of these companies on a daily basis and until the economic uncertainty that is gripping everyone is better understood, we should expect to see under budget advertising revenues.

5. Our first Green Conference & Exposition will be held this year from April 25-26 in Phoenix. The conference is budgeted at breakeven for 2009. At this point, we have exceeded the sponsorship goal. We are at 80% of budget for booth sales, and 35% of budget for registrations. The fact that the Stimulus Bill has \$20 billion for sustainability has driven registrations during this past week. We are offering a discounted registration fee for anyone who registers for the Green Conference while you are in DC during the Capitol Conference. We will continue to push the stimulus funding in our ongoing marketing of the conference to the industry.

6. A new marketing video designed for our IRO members has been completed. Local affiliates are encouraged to use this new marketing tool. You may view the video at: <http://www.naahq.org/memberonly/resources/iro/Pages/default.aspx>

7. The Government Affairs Task Force has had its first meeting in Dallas and met again during the Capitol Conference. The Task Force asked staff to build a budget and organizational chart illustrating how the recommendation in the Needs Assessment could be implemented over the next three years. We have also emailed all of the NAA Affiliates asking them to identify 4-6 subject matter areas where NAA should develop expertise that would benefit our members and our local and state affiliates. This information is still being gathered and an initial report will be provided to the Task Force for their consideration.

8. Each week NAA reviews the cash receipts for that week and compare it to the same week in 2008 as well as the year to date total for both 2009 and 2008. At this time we are holding our own with last year and have not seen any significant areas of concern beyond the earlier note on advertising sales. We do have some slow payments on affiliate dues,

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but no indication that there are any serious problems anywhere. If we isolate any negative trends, we will report back to you on a timely basis.

We understand that it's important to obtain maximum value for your association membership during these uncertain economic times. It is my goal to continue to maintain our standards of excellence in all areas of the association and communicate the value of being a member of the National Apartment Association.

STATE AND LOCAL POLICY OUTLOOK FOR 2009

2009 marks the start of most states' two-year legislative sessions. The first is generally the busier year of the biennial session and NAA Government Affairs staff anticipates that will remain the case. As of Feb. 19, there have been 73,241 bills introduced in state legislature – keeping in mind that Florida and Louisiana have not yet begun their 2009 sessions.

With most states experiencing fiscal problems, shoring up state finances is likely to be the focus of most legislative sessions, leaving states with little time to address much outside of that area. NAA staff believes that traditional and landlord-tenant issues are not likely to be at the top of the activity list in 2009. What follows are descriptions of several key issues which we believe will impact the industry and dominate the state legislative landscape throughout the year.

- **State Budgets and Taxes** – In the midst of a nationwide recession, which an increasing cohort of economists, pundits, journalists and politicians have become inclined to dub “the worst financial crisis since the great depression,” states are feeling the pinch. A toxic mix of record high gas prices, the subprime mortgage crisis, a credit crunch that has stymied lending and the highest nationwide unemployment rate in five years left states reeling financially in 2008. While the forecast as to whether a federally-funded

stimulus package backed by President-elect Obama can help stave off a protracted erosion of national economic vitality is uncertain, one thing is certain: addressing budget shortfalls and deficits will trump all other issues in state legislatures in 2009.

Beginning in 2008, a considerable dip in economic activity, compounded largely by the aforementioned “toxic” factors, spurred a simultaneous and equally significant loss of state sales and income tax dollars – the mainstay of states' general fund revenue. With the economy sliding deeper into recession, a combined 44 states now face either – or both – budget gaps for the current 2009 Fiscal Year (FY) and deficits for FY 2010, which begins July 1 for most states. Preliminary projections peg the collective shortfall between \$140 and \$200 billion; however, such estimates are subject to rise, as consensus among several economists warns, at least for the short-term, of a worsening deterioration of economic conditions. Many such experts too believe the national unemployment rate will reach between 8 and 9 percent in 2009 – having already reached 7.2 percent as of early January.

Proposals to increase and/or expand taxes are generally reserved by governors and legislators as last-ditch efforts when attempting to remedy fiscal shortfalls. However, given that several states have already exhausted what few alternatives they have available at their disposal for doing so – including reductions in spending on entitlements, aid to the poor and education, as well as tapping cash reserves – the likelihood of such “last ditch” efforts becoming more prevalent in 2009 has become highly increased.

In fact, California Gov. Arnold Schwarzenegger, a Republican traditionally hostile to tax increases as a means of bridging budget gaps, recently signed into law – as part of a broader package to address a nearly \$42 billion shortfall – a budget that includes nearly \$13 billion in tax increases.

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Likewise, New York Gov. David Paterson, a Democrat whose state was hit hard financially by the 2008 mortgage crisis, initially decried tax increases as a solution to erasing the state's multi-billion dollar deficit, saying they would only "exacerbate the problem." The Governor, exhibiting a change of heart, subsequently proposed 137 increased and new fees and taxes, including an extension of the sales tax to cable services. The plan also calls for halving funding for the state's Empire Zone program, which offers real property tax credits for 10 years on investments made within designated areas.

As sales and income tax revenue continue to dwindle while simultaneous demand for services such as health care, unemployment benefit extensions, transportation and infrastructure climb, several states are likely to mimic actions taken by governor's Schwarzenegger and Paterson. Look for tax increase proposals at both the state and local levels – especially the expansion of taxes to include additional goods and services – to move to the fore of legislative antidotes for closing budget gaps in 2009.

Additionally, local governments, facing sizeable reductions in revenue sharing dollars from their respective states, may very well look toward increasing property taxes in order to cushion the fallout from such losses. Much to their chagrin, several states, including Indiana and Florida, have recently stepped in to provide relief to property owners by imposing restrictions upon locals' ability to increase such taxes through property tax rate caps and precluding them from artificially inflating assessments. Such actions have included capping property tax rates and precluding local governments from artificially inflating assessments. Both legislators and citizen groups in several states – including Arizona, Georgia, Montana, Nevada, New York and Oklahoma – are likely to address the issue of rising property taxes either through legislation or by ballot in 2009.

A showdown between citizens and legislators on one side and municipalities and their allies on the other concerning the issue will inevitably ensue.

While estimates show that states will collectively receive direct payments of more than \$150 billion as a result of the \$787 billion federal economic "stimulus" package recently signed into law by President Barack Obama, several governors are quick to caution that by no means is the money a panacea for erasing existing budget gaps that continue to plague nearly two-thirds of states.

Stressing that the "one-time" cash infusion provided by the package is intended to help resuscitate the nation's ailing the economy, governors maintain that painful steps must still be taken to bring spending in line with traditional revenue streams if states wish to avoid or at least mitigate the severity of future deficits.

While several states have proposed or enacted (such is the case with California) a bevy of spending cuts, employee layoffs and tax increases as means of balancing budgets, others – including Arizona, Florida, Georgia and Indiana – are considering either reducing or outright eliminating property taxes.

On the other hand, several cash-strapped municipalities grappling with budget deficits of their own have proposed packages of spending cuts and tax increases to shore up shortfalls, which for many, including Tucson, Ariz., and Fairfax County, Va., have climbed into the tens of millions of dollars.

Tucson city officials recently proposed a host of measures which specifically target rental properties and multifamily housing industry stakeholders as a means toward closing a \$30 million deficit. Included in the proposal is a 2 percent property tax increase on rental real estate; a licensing requirement imposed upon rental property owners; increased water and

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advertising taxes and the elimination of a cost-of-land tax deduction currently offered to builders. Likewise, officials in Fairfax County, Va., – one of the nation's wealthiest counties – recently proposed, in conjunction with spending cuts and the elimination of hundreds of jobs, a 13.5 percent property tax increase to eliminate a \$450 million deficit.

NAA recommends that affiliates continue to be aware of proposals at the local level aimed at imposing licensing requirements upon rental property owners and increasing property taxes. While our observations indicate that the latter policy has not yet been prevalent among municipalities, the aforementioned proposals should be cause for concern. As dollars from the federal "stimulus" package begin flow to states, states and localities may readjust budget forecasts and therefore tweak existing proposals. Nonetheless, addressing budget shortfalls will continue to trump the agendas of state and local governments for the foreseeable future.

- **Foreclosure Reform** – NAA has identified a trend among state legislatures across the country regarding efforts to impose "foreclosure notification" requirements upon rental property owners. Common denominators among several such measures are provisions which create and require rental property owners to notify residents of their rights when properties become foreclosed upon.

While most of the measures NAA has reviewed are expressly intended to ensure the interests of residents residing in foreclosed upon single-family homes, NAA is concerned that amendments to or implementation of such bills may have negative consequences for the owners, managers and residents of professionally-managed rental properties.

Of particular concern to NAA and the Florida Apartment Association (FAA) is Florida SB 1038, which – in addition to imposing foreclosure notification requirements upon rental property owners – provides that owners of mortgaged

properties in which dwelling units are rented must notify the mortgagee in writing that such agreements exist. The measure specifically states that such notices shall require, "the name of the tenant, the length of time of the rental agreement, and the address of the dwelling unit that is subject to the rental agreement." In addition, the bill requires the rental property owner to "notify the mortgagee of any changes in the rental agreement."

The implementation of such provisions would place unnecessary and enormous administrative and financial burdens upon rental property owners; moreover, mandating the disclosure of resident's names and addresses without their permission is a violation of the resident's right to privacy. Therefore, NAA opposes this and similar measures.

Additional foreclosure reform measures are also currently pending consideration in the Hawaii (SB 784 and HB 202) and Arizona (HB 2269; HB 2464; HB 2601; SB 1108; SB 1210 and SB 1413) Legislatures, as well.

- **Energy/Green Building** – The issue of energy efficiency has taken hold of the American community, leading many states and municipalities to try to "out green" one another, especially when it comes to new construction. With energy costs (including oil, natural gas, and electric) expected to rise once again when the economy returns to normal and concerns regarding global climate change, NAA anticipates the growth of green building mandates and incentives to be a hot topic for many years to come. By way of example, experts believe that the number of green-related government programs will at least double across the nation in the next five years. The approximately \$20 billion in funding for green projects which was included in the federal stimulus package signed by President Obama in February should only

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stand to reinforce this trend.

After the U.S. Environmental Protection Agency declared carbon dioxide a pollutant, state and local governments began the process of regulating the factors that cause it to be emitted into the atmosphere. Cities such as Portland, Chicago, Seattle, San Francisco, Austin, Boulder, New York and hundreds of other local governments have either started implementing legislation forcing developers to adhere to stricter environmental building guidelines, have proposed new guidelines or created "carbon taxes." Additionally, several states have banded together to form regional "cap and trade" systems which aim to reduce carbon emissions through a market-based carbon credit trading system. If the federal government does not act to create its own cap and trade system this year, expect more states to join these regional pacts or to form their own.

The U.S. Green Building Council and its rating system, Leadership in Energy and Environmental Design (LEED), have captured most of the media attention focused on green building, but the rating system is primarily for commercial buildings. NAA/NMHC participated in the development of a National Green Building Standard (NGBS) which was approved by the American National Standards Institute (ANSI) in February 2009. Unlike LEED, the ANSI NGBS includes provisions specifically addressing green building issues for apartments and will work with existing building codes. As green building moves from being voluntary to something that is increasingly required by state, local and federal policymakers, the NGBS is a critical resource for the apartment industry.

Regardless of what rating system governments are basing their energy efficiency programs on, NAA anticipates states and localities will continue to push the envelope regarding the use of green technologies.

However, as many state and local government budgets have been severely negatively impacted by the overall economic downturn, it is expected many local governments will maximize use of non financial-based incentives – such as density bonuses – until tax revenues return to normal levels. Once the economy begins to recover, NAA predicts that tax incentives will again be employed to entice the adoption of green building technologies and practices.

NAA will continue to work to identify and create legislative and regulatory opportunities to encourage market-based solutions and economic incentives for apartment owners and residents to participate in the green movement. At the same time, NAA will work to protect the industry against unobtainable standards given current technology and market conditions.

In order to assist members in understanding the current trends in greening the real estate industry and how multifamily properties may benefit from these trends, NAA will host its first ever Green Conference, April 28-29, 2009 in Phoenix. Additional information regarding the Green Conference and other efforts NAA is employing to assist the industry concerning green issues may be found at the association's new Green Communities Web Site: www.naaHQ.org/green.

- **Bed Bugs** – Bed bugs are once more becoming an area of concern for the real estate industry; owners and operators of all residential property types are learning that bed bugs do not discriminate and are facing costly expenditures for eradication. Legislation is being considered in several cities and states that would shift responsibility for remediating bed bug infestation squarely onto the shoulders of property owners and managers and exposing companies to new levels of liability. With the rise in reported complaints, the housing industry faces increased costs

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for extermination, property destruction, rent abatement and sometimes legal, economic, non-economic and punitive damages. Bed bug related lawsuits are quickly becoming more commonplace as residents advance a variety of legal theories, including claims for overexposure of pesticide, gross negligence, battery, breach of warranty and emotional distress.

Laws addressing the bed bug boom are also in flux because courts continue to modify owner and operator liability, and state and local housing departments are in the process of implementing and revising regulations. Some cities have set forth strict protocols governing extermination and disposal procedures, subjecting noncompliant properties to fines, inspection orders and even jail time.

The New Jersey General Assembly passed A-3203, a bill aimed at addressing bed bug infestations, by a vote of 74-3-0 in early February. The legislation is the product of more than six months of intense negotiations between stakeholders, including the New Jersey Apartment Association (NJAA). The bill was amended on three separate occasions – twice in the Assembly Housing Committee as well as on the Assembly Floor. NJAA supports the current version of A-3203, which incorporates nearly a dozen key amendments made at its

Late in the 2007 session of the Ohio General Assembly Senator Kearney introduced SB 226. This bill, which specifically targeted multifamily communities (30 units or more), would have required property owners to eradicate bed bugs from their buildings. Under the proposed bill, if property owners failed to eradicate bed bugs and other vermin, they would have been exposed to progressively higher fines for each reported violation of the law. Fortunately for the multifamily housing industry this bill died in committee.

- **Corrections** – This is not traditionally thought of as an apartment industry issue, however, there are problems with the current corrections system that are going to bleed over to the apartment industry. Many states are currently experiencing prison overcrowding and coupled with budget cuts states are going to be forced to make changes to the system, potentially to mandatory minimum sentencing requirements, likely resulting in more emphasis on offender treatment and community supervision. What this translates to for the apartment industry is that fewer people may be sent to prison and possibly more people will be released from prison – whether on probation, parole or simply early release – all needing some place to live and chances are they cannot afford to buy a house. The apartment industry could face additional protected class status legislation for criminal background or income requirements or legislation related to criminal background checks and what information may or may not be considered during the screening process.

Over the past several years, the issue of prisoner re-entry – how to assist people being released from prison find housing and employment – has been a popular topic for discussion among lawmakers. The Council of State Governments (CSG) Justice Center has been leading this discussion and NAA has been representing the industry throughout. The Justice Center will continue this and other larger corrections system discussions and NAA will continue to sit at the table to represent the industry's view.

States will also be focused on larger issues that do not directly impact the industry, but could have cascading effects. Those include health care costs and reform, transportation and infrastructure finance, issues related to foreclosures and funding for state unemployment insurance programs.

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The states will be carefully watching the federal government and the Obama Administration for any signs of assistance in these areas. There was early discussion of a stimulus package that would create jobs to possibly address some of the transportation and infrastructure problems, but it remains to be seen what will be in the final package. Additionally, the issue of foreclosure assistance has again come to front of discussions on Capitol Hill but there have not yet been any decisions on the type of assistance to be provided.

Staff anticipates that we will continue to see smoke-free housing, inspections and mandatory Section 8 initiatives impacting the apartment industry.

ADVOCACY

*The 2009 NAA Capitol Conference
included
470 attendees participating in
270 Hill visits.*

*The Better Government Fund Event
and the NAAPAC
raised a record \$70,000
and still counting*

*Your presence each year helps
strengthen our efforts
on Capitol Hill.*

JOIN US NEXT YEAR

***Capitol Conference
March 7-10, 2010
Omni Shorehame Hotel
Washington D.C.***