



Issue Fact Sheet

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TELECOMMUNICATIONS AGREEMENTS

Background

Telecommunications services can have a significant impact on an apartment owner's capacity to attract and retain residents. Apartment residents demand newer, faster, and more sophisticated telecommunications capabilities in their apartment homes. To meet this demand and establish an edge in a highly competitive marketplace, apartment owners rely on advanced, competitively-priced, reliable telecom services.

The telecommunications needs of apartment residents can only be met when telecommunications providers compete freely and can negotiate contracts with apartment owners that satisfy resident expectations.

Despite NMHC/NAA's strong objections, in 2007 the Federal Communications Commission (FCC) [retroactively banned](#) telecom agreements that designate one provider to supply television service to an apartment community. The FCC's regulation was upheld in federal district court in 2009. The FCC has also considered regulations on marketing agreements and bulk billing arrangements for telecommunications services in apartment communities but, in a 2010 Order, the agency declined to act.

These kinds of government mandates and restrictions interfere with negotiations between property owners and service providers. While these policies are intended to enhance competition and consumer access to telecom services, they can actually result in less competition, higher prices, decreased service standards and fewer product offerings.

Apartment owners strive to attain contracts that deliver choice and competitive prices for residents. Some apartment communities, however, can only support one type of voice, video or data service because of telecommunications infrastructure costs and the unique economy of scale in the multifamily sector. Requiring them to allow multiple providers on a property may limit the property owner's ability to negotiate the best possible contract on behalf of residents. This can be a particular concern in moderate- and lower-income apartment communities. In addition, forced acceptance of particular technologies that may soon become obsolete could impose further costs and disruption to apartment owners and residents.

Importantly, there is insufficient evidence of an improperly functioning private market that would warrant federal intervention.

NMHC/NAA Position

NMHC/NAA support a competitive telecommunications industry that reliably and cost-effectively meets the needs of apartment residents. Federal telecommunications policy should be based primarily on a free and open market philosophy, without legal restrictions or governmental interference that may impair the management of an apartment property, including an apartment owner's ability to negotiate contracts that meet resident demands for high-quality telecommunications services.

Members of Congress should reject legislative proposals that would expressly or inadvertently grant special access privileges to private property, including amendments to the Communications Act and Telecommunications Act. The FCC should refrain from regulating in this area because market interference can actually limit competition and resident choice.

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