



CAPITOL CONFERENCE

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COINMACH ♦ COMCAST ♦ CORT ♦ FOR RENT MEDIA SOLUTIONS ♦ HD SUPPLY ♦ MAC GRAY
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NATIONAL APARTMENT ASSOCIATION

SUMMARY

MARCH 2010

NAA CAPITOL CONFERENCE

March 7-10, 2010

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

2010 NAA OFFICERS

Chairman

Marc Rosenwasser

Chairman-Elect

Mike Gorman

Vice Chairman

Jerry Wilkinson

Treasurer

Alexandra Jackiw

Secretary

Brad Williams

Past Chairman

Ron Shelton

REGIONAL

VICE PRESIDENTS

Region I

DC-DE-MD-PA-VA-WV

Jill Levins

Cindy Clare

Mike Woodward

Region II

CT-MA-ME

NH-NJ-NY-RI-VT

Mike Beirne

Tom Beaton

Region III

IL-IN-MI-MN-OH-WI

Diana Pittro

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

Marc Ross

Jeff Lowry

Gary Blumberg

Robert Tinning

Region VII

AK-AZ -ID-NV-OR-WA

Jay Olson

Mike Clow

Region VIII

CO-MT-ND-SD-UT-WY

Rex Gambrell

Gloria Froerer

Region IX

AL-FL-LA-MS

Kathy Ratchford

Susan Truesdale

Ellen Maxime

Region X

CA-HI

Rick Snyder

Malcolm Bennett

Budget & Finance Committee

- Accepted the 2009 Audit.

- Approved that \$498,317 of the 2009 Net Income be transferred as follows:

Emergency Fund (per budget) \$200,000

Emergency Fund (additional) \$298,317
(Brings fund to \$4,000,00,000.)

Industry Mobilization Fund \$0
(Target Fund Level - \$750,000
Actual Fund Level - \$764,208).

TOTAL TO BE ALLOCATED. \$498,317

National Suppliers Council

- Approved the following companies into the NSC:

- Compliance Depot - Plano, TX
(Resident and Employee Screening)
- Design House - Mequon, WI
(Maintenance - Product and Services)
- NCC Business Services - Jacksonville, FL
(Resident and Employee Screening)
- Rainmaker - Alpharetta, GA
(Property Management Software)
- Team Too Termite and Pest Control
(Insect Control - Product and Services)

NAA Education Institute

- Approved an unbudgeted expense of \$50,000 to develop NALP online and deliver it by September 2010.

Background

When the 2010 NAAEI budget was developed, funding to convert NALP to an online course was cut. NAAEI staff secured a company that was willing to develop NALP online with no upfront cost and receive their money on the back end. However, as the NAAEI officers reviewed this proposal, they felt in the long run this would be a poor business decision. The NAAEI officers also felt that not developing NALP online immediately would be a mistake.

The Curriculum Development Committee brought a funding request to NAAEI to pay \$50,000 to develop NALP Online, with a September delivery date. The NAAEI Board approved this request. Because this expense was not included in the 2010 NAAEI Budget and the NAA Board approves the NAAEI Budget, this motion was also approved by the NAA Board of Directors.

In order to pay back this investment, NAAEI must sell 277 courses at \$299. At this time, NAAEI has received commitments from Pinnacle and Riverstone to purchase 200 courses and will work to pre-sell NALP to other management companies.

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2010 NAA Capitol Conference Talking Points to Members of Congress

Balanced Housing

- The idea/goal of home ownership was pushed way too far. There are far too many tax benefits and gimmicks for home ownership.
- Apartment renting is a good choice for millions of Americans.
- Renting keeps people from being “trapped” when having to seek employment in a different area of the country.
- Thank you for funding the Section 8 programs. These work best when on a voluntary basis. Improvements are needed in rent formulas and the inspection process.
- Apartments are “greener”.

Capital Markets

- “Performing” apartment loans totaling \$100 billion maturing in 2010-2012 must be refinanced.
- Fannie Mae and Freddie Mac are essentially the only major financing firms left in the market.
- Support Fannie and Freddie ability/capacity to refinance these loans – not just single-family by allowing them leeway in their portfolio of loans.
- Capital market conditions remain dire with few, if any, banks and insurance companies making loans.
- Do not fold the GSEs into a new Federal agency or part of an existing agency.

Renter Protections

- Single-family and condo renters are at risk of evictions upon foreclosure. This is basically “ownership” housing.
- Renters in apartment communities are not at risk of eviction when foreclosures occur.
- Reject legislation that mandates participation in the Section 8 program.

Energy Efficient Green Buildings

- Apartments are already the “greenest” type of housing – by far.
- Don’t mandate “one-size fits all” national standards for all buildings. Different geographic areas require different approaches to construction and energy savings.
- Support the recently developed National Green Build Standard.

2010 CAPITOL CONFERENCE SUMMARY

- More than half of the energy use in an apartment community stems from individual resident usage of lighting, appliances and other consumer electronics which are not regulated by building energy codes and are outside the control of the property owner and manager.
- Support energy efficiency incentives for multifamily. This will create jobs and reduce energy use.

Carried Interest

- The proposal goes way beyond the people it supposedly wants to rein-in: the hedge funds.
- Capital gains is the proper treatment for real estate partnerships because they involve a real capital asset that is held for long period of time – generally 3 – 5 years or longer.
- The real estate partnership is not a “gimmick” to get around tax rate differentials.
- Changing the means of taxation would result in a 133 percent interest in tax rates on a capital gain.
- Carried interest is a main street issue and will affect real estate developments in nearly every state in the country.

Employee Free Choice – Card Check

- Unions can serve an important role for some labor “pools” in some industries.
- Federal law should protect a worker’s independent choice to form or join a union.
- The EFCA goes way beyond legislating a reasonable means to protect an employee’s union organizing rights because it creates mandates and imposes restrictions that would destroy meaningful collective bargaining.
- Card checks are inherently vulnerable to coercion. They would compromise an employee’s right to exercise an independent choice.
- The binding arbitration provision that imposes an unworkable 120-day deadline for reaching an agreement on a first contract is contrary to the very nature of the collective bargaining process.
- Penalties for committing unfair labor practices should be applied equally to the violating party, employer or union.

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ASSOCIATION EXECUTIVE COUNCIL

President - Brenda Wells
Greater Lexington Apartment Association

Lyceum Committee Chairman John Ridgway discussed how affiliates can use the NAA Leadership Lyceum program to develop future leaders for their local association and for NAA. Increased promotion of the program is included in the 2010 AEC Plan of Work.

IROC Chair Greg Guerrero asked AEs for their help developing ways to attract more IROs to the association. Some AEC members discussed the rise in IROs in their areas and expressed a desire to have a national instructor who is him/herself an IRO.

It was suggested that regional Maintenance Mania winners are announced as soon as every affiliate in that region has held their competitions.

BUDGET & FINANCE COMMITTEE

Chair - Alexandra Jackiw
Buckingham Management

The Budget and Finance Committee reviewed the audit, management letter and communications letter.

NAA net income for 2009 was \$723K.

The Budget & Finance Committee recommended making the following distribution of \$498,317 of the 2009 Net Income be transferred as follows:

Emergency Fund (per budget) - \$200,000
Emergency Fund (additional) - \$298,317
(Brings fund to \$4,000,000)
Industry Mobilization Fund - \$0
(Target fund level = \$750,000
Actual fund level = \$764,208)
TOTAL ALLOCATED. . . . \$498,317

Sponsorship Project

The Budget and Finance Committee and Executive Committee approved an unbudgeted expenditure of \$42,500 to SponsorLogic for review of the NAA sponsorship program.

Dual Signatures on Checks

The Budget and Finance Committee approved to increase the dollar limit for dual signatures on checks from \$1,500 to \$5,000.

COMMUNICATIONS ADVISORY BOARD

Chair - Victoria Cowart
Darby Development Company

The Communications Advisory Board met and approved the 2010 plan of work which is consistent with the Overarching Issues brought to light in the Strategic Planning from the Board's Roundtable work in January. Initiatives include enhancing the current suite of communication vehicles and adding value by use of social networking and the creation of the information repository.

Another item from the plan of work is the creation of an electronic version of UNITS magazine. We are happy to report our first attempt was distributed as the February version of UNITS magazine; and another example that of the March issue, from another vendor, will be distributed this week—so be on the lookout and please provide feedback.

We are happy to report our ad sales revenue is going well with first quarter showing a 2% increase over Q1 of 2009. In fact, there are \$1.5 million in signed contracts as of today and we are told \$2 million is what we are anticipating this year in total sales. As is our norm, we also discussed article ideas and approaches as well with staff and reviewed our editorial calendar for the coming months.

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2010 CONFERENCE COMMITTEE

Chair - Tom Beaton
The Dolben Company
Co-Chair - Eric Overhage
Handytrac Systems
Co-Chair - Brenda Wells
Greater Lexington Apartment Association



The 2010 Education Conference will be held on June 24-26, 2010 at the Morial Convention Center in New Orleans.

Tom Beaton recognized the 21 metal sponsors for the Education Conference & Exposition:

Platinum Sponsors

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

Gold Sponsor

Wilmar

Silver Sponsor

LexisNexis

Bronze Sponsors

First Advantage SafeRent
MOEN

General Sessions

Georgw W. Bush, Kevin Nealon, Bruce Kimbrell, and William Taylor are General Session speakers.

Education Sessions

Thought Leaders include Tom Asacker, Cam Marston, Dan Thurmon and Bruce Wilkinson.

40 Sessions (including Thought Leaders) have been selected out of 130+ proposals that were submitted.

Marketing

CSG, the marketing firm retained by NAA, gave a brief overview of marketing strategies.

- A marketing brochure was distributed and will be mailed out to target audiences in March.
- The conference micro site has been redesigned and launched – www.naahq.org/educonf
- An affiliate and exhibitor toolkit is available online. The toolkit has logos, ads, signatures, and other material available for affiliates and exhibitors to help promote the event.
- *units* ad series every month
- New Orleans ads in *units* every month
- Email series every month
- Executive Program marketing & videos
- Management Company marketing & videos
- NAHMA co-location marketing

Registrations

Tom reported that as of week 15 (week ending 3-4-2010), we had 939 total attendees.

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In 2009, a rate increase was scheduled for January 2009. The committee requested that NAA minimize rates. As a result, the January price increase was eliminated in 2010 and registration fees were reduced in November 2009. Committee members stated that members are waiting to register to hold on to training dollars as long as possible.

Registration Subcommittee

Conference calls have occurred and three Webinars were conducted for the affiliates and region captains. Approximately 40 people participated on all three Webinars. FAQ's and a list of marketing initiatives were provided and each affiliate/region should be following the schedule and promoting the conference. The subcommittee requests that all sponsors promote the conference and get their customers to attend (marketing tools are available on the online exhibitor toolkit).

Host Committee

A conference call was held with Tammy Sponge, Apartment Association of Greater New Orleans. They have secured 50 volunteers to date, and the goal is to secure 120-140 volunteers. They have developed a formula for volunteers based on the number of units each member owns or manages. Their board members will be team leaders and manage the attendance for the volunteers.

The local affiliate has helped to secure two properties tours – Bywater Art Lofts and Hidden Lake Apartments.

Opening Party

Margette Getto said that the party venue is Mardi Gras World and the entertainment is Big Bad Voodoo Daddy. She briefly discussed the planning and sponsorships.

Community Volunteerism

Day of Caring - NAA is proud to collaborate with the Beacon of Hope Resource Center.

If you are interested in helping on a community project that assists people in the City of New Orleans in the rebuilding process of their beloved homes, sign up on your registration form. Spend the day giving hope to families and networking with colleagues. The registration fee of \$115 includes a four-hour outing, refreshments, lunch, and an event t-shirt. The actual neighborhood and activities will be finalized by NAA and Beacon of Hope in the coming months. AT&T is a sponsor. NAA is reviewing other "community contribution" options and may provide book or instrument donations as well.

NAAPAC Golf Challenge

The NAAPAC Golf Challenge will be held on a new day of the week, Wednesday June 23, 2010 at the TPC Louisiana during the June Education Conference. Shotgun start at 8:00 a.m. For all golf event questions please contact Irica@naahq.org

Tom Beaton thanked the Conference Committee, Sponsors, NSC, AE and Board members for all of their hard work and continued efforts in marketing the 2010 NAA Education Conference & Exposition.

BUILDING THE FUTURE

**See You in
New Orleans!**



**NAA EDUCATION
CONFERENCE & EXPOSITION**
June 24-26, 2010 | New Orleans, LA

BUILDING THE FUTURE

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NAA EDUCATION INSTITUTE

President - Jeff Lowry
McDougal Companies
Vice President - Maitri Johnson
Riverstone Residential
Secretary/Treasurer - Jerry Wilkinson
Wilkinson Real Estate Advisors

President Jeff Lowry reported the following:

NAAEI BOARD OF DIRECTORS

When the 2010 NAAEI budget was developed, funding to convert NALP to an online course was cut. NAAEI staff secured a company that was willing to develop NALP online with no upfront cost and would receive their money on the back end. However, as the NAAEI officers reviewed this proposal, they felt in the long run this would be a poor business decision. The NAAEI officers also felt that not developing NALP online immediately would be a mistake.

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The NAA Board of Directors approved this request.

Apartment Careers

A Recruitment, Training and Retention Summit was held with 22 HR, Recruitment and Training professionals from Pinnacle, Riverstone, Equity, Greystar, Lincoln, Archstone, Winn, Camden, Related, Mercy, Buckingham and McDougal. Jeff reported having a very productive meeting with a number of recommendations for NAAEI with regard to products and programs that would meet their needs.

New Task Forces

Our New Products and Marketing Task Forces met yesterday to begin looking at better ways to more effectively market existing products and to develop new products that will meet the needs of members and generate revenue for NAAEI and our affiliated associations.

INDEPENDENT RENTAL OWNERS COMMITTEE

Chair - Greg Guerrero
Apartment Services Company

The IROC had a very interactive and productive meeting.

We have an energetic committee this year and we're looking forward to another very successful year.

There were several goals and objectives that the IRO committee identified and voted on today that will be the committee's primary objectives for 2010 and he briefly highlighted what they are:

- Create a stronger synergy with affiliate AEs through conference calls, emails and in-person meetings and create a marketing plan that will assist interested affiliates in attracting more IROs.
- Promote the IROC Manual to AEs to assist them with developing local/state IROCs.
- Design an IRO forum at the 2010 NAA Education Conference that encompasses timely and relevant information on IRO issues.

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LEGISLATIVE COMMITTEE

Chair - Terry Danner
Riverstone Residential Group
Nation Issues Chair - Cindy Clare
Kettler Management
State & Local Issues Chair - Mike Beirne
The Kamson Corporation

The Legislative Committee reviewed and approved the plan of Work for the Committee that included:

- Further develop/grow the Government Affairs Web presence to better serve as a resource to the affiliates and membership.
- Engage committee members to actively participate as a working group by tasking responsibilities throughout the year.
- Identify NAA members with elected official relationships to leverage industry positions when needed (Grassroots/Grasstops.)
- Committee members to identify a minimum of two new companies to share employee information for grassroots purposes.
- Identify and report state/local issues that may percolate to the federal level and work with the JLC and NMHC on the issues pipeline.

A legislative update from the Joint legislative staff was provided that included:

- An Accessibility Update
- Lead Based Paint Regulations Discussion
- HUD Underwriting Issues
- Tax issues such as estate tax and the tax extenders
- Health Care, and
- 2010 Census update.

The Committee reviewed state and local issues that included: a sprinkler retrofit update from New Jersey, Bed Bug Discussion and presentations on : Hometown Democracy in Florida, Rent Control in Colorado and California, and Zoning Issues from Massachusetts.

He reported having 199 Hill Visits for this week.

NAAPAC

Chair - Mike Holmes
Easlan Management

2009 Update of NAAPAC Finances:

- In 2009 NAAPAC raised \$210,501
- In 2009 NAAPAC disbursed \$162,500 to candidates, Members of Congress and Political Party Committees
- In 2009 BGF raised \$90,630

To date in 2010 NAAPAC has disbursed \$50,500 to Members of Congress

Fundraising Goal

Included in the plan of work is the PAC's fundraising goal: PAC \$300,000 and BGF \$150,000. We also have a goal for 100% participation from the Board.

Recognition

A special thank you to the Lyceum group for raising \$600 in their program session on Saturday.

He also thanked the following affiliates for Funding their Future and meeting their goals: Kansas City, North Alabama, Apartment Association of the Panhandle, Bay Area Apartment Association, Birmingham Apartment Association, First Coast Apartment Association, Fort Collins Colorado, Indiana Apartment Association, Mobile Apartment Association, Montgomery Apartment Association, and Saint Louis Apartment Association.

NAAPAC Events

He reported that a very successful diamonds and champagne event last night was held and raised \$23,000 for the NAAPAC. He thanked members for their support. John Cullens of Apartment Careers.com was the lucky winner of the real diamonds.

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Back by popular demand we will be holding our Annual Golf Challenge on a new day. It will now be on Wednesday morning. June 23, 2008 at the TPC Louisiana about 20 minutes from the French Quarter. He was pleased to report that the first sponsor of the event was Azuma Leasing and thanked BJ Rosow for supporting the cause.

During the Region Meetings a call for Advocacy Captains to promote the apartment industry's national message at the local and state level was delivered. The Captains will share legislative and political information with the membership, aid in increasing participation in the PAC and activate the membership during grassroots efforts. Please send in your information to Irica Solomon if you are interested or would like additional information. We would like to have all affiliates signed up by April 30th.

LEASE ADVISORY COMMITTEE

Chair - Dave Watkins
Greystar

The National Lease Program created a new instructional video for the state of Florida. The video walks prospective residents through the content of the Florida Lease on a paragraph by paragraph basis. The instructional video can also serve as a training tool for management employees. NAA plans to introduce the video in other states as 2010 progresses.

NAA filed a federal lawsuit in the Western District of North Carolina, located in Charlotte, alleging that a community located in Hickory violated the association's copyrights and trademarks. The defendant has been served and the action is in the early stages of litigation.

LEADERSHIP LYCEUM

Chair - John Ridgway
Celtic Realty Advisors

John Ridgway recognized the following Capitol Conference graduates of the Lyceum Program:

Patty Blum	Apartment Finder
Ron Hampton	Coinmach
Syd McDonald	Valet Waste
Lori Sharp	NRP Management LLC
Triangle Apartment Association	
Martin Taylor	Resident Data
Sarah Thompson	Martine Properties
Austin Apartment Association	
Brenda Wells	
Greater Lexington Apartment Association	

Eleven new participants began the program during the Capitol Conference.

Leadership development as it relates to Emotional Intelligence was discussed, specifically how to apply this Plan of Work initiative to the Lyceum graduate program. MBTI testing, designed to measure psychological preferences in perception and decision-making, will be investigated as it relates to cost and as a first step toward implementing Emotional Intelligence training.

A subcommittee will further investigate other revenue-neutral continuing education programs for Lyceum graduates as far as timing, topics to be covered and networking opportunities during NAA conferences.

State and local Lyceum program development was identified as a vital measure—building strong local leaders and in turn integrating with leadership on a national level

Owner/Manager members may enter the program through their local affiliate. NAA is currently accepting applications for the next session during the Education Conference on June 25, 2010.

Supplier members should contact the NSC directly for an application.

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For more information on the Leadership Lyceum Program please contact Lynn Miller at 703/797-0632 or lynn@naahq.org.

MEMBERSHIP COMMITTEE

Chair - Marc Ross

Bob Ross Realty

Member Relations Chair - Carey Bradburn

Riverstone Residential

Member Services Chair - Rick Snyder

R.A. Snyder Properties

Membership Reporting

- NAA currently represents 51,582 members and 5,940,479 units.
- Before California (11-19-05) 33,300 members and 5,299,363 units
- After California (3-14-06) 51,262 members and 6.1 million units
- New units gained with the addition of the three new California affiliates: 14,177 members and 196,540 units

As of March 1, \$563.69 remains outstanding for 2009 affiliate dues and \$11,958.91 remains outstanding for January and \$59,018.32 remains outstanding for February.

NAA has received 83 out of 142 (58%) roster reporting forms and 87 out of 142 (61%) membership rosters.

Twice per year, NAA affiliates are required to submit a roster reporting form, identifying the number and classification of members. The next reporting period is April 1.

The charter for the North Georgia Apartment Association was revoked on February 1, 2010 during an NAA Executive Committee call. The primary reason for the revocation was delinquent dues.

Though there are some other affiliates that are behind in dues in 2010, NAA does not foresee any of its affiliated associations dis-affiliating this year.

Membership Discussion items:

Southeast Florida Apt Assn business plan outline

- Business plan – penetration rates
- SWOT Analysis
- Membership Analysis

California

- Business plan to include target goals, list of potential affiliates, and marketing NAA in business and real estate journals

RVP Travel

- Highlight what NAA provides; importance of the association and how to generate non-dues revenue on NAA programs
 - Connection of the local, state and national associations
 - Regional Update
 - Legislative Update (state and national)
-
- How often should an RVP visit an affiliate RVP visit...once or twice per year

The Membership Committee discussed that NAA should visit all of its affiliates each year, whether it be a visit by an officer, staff or volunteer.

The venue was also discussed and it was agreed that a significant forum be considered including a General Membership Meeting, a Leadership Training Day, State of the Industry Meeting, or a Board meeting.

Included at each meeting should be an organization update highlighting what NAA wants its affiliates/members to know.

The Membership Committee discussed encouraging affiliates to include on their membership applications the categories which define the units. For example either Conventional, Affordable, Military, Student, or Senior housing.

This will allow NAA to better track the types of housing we represent, helping us market to specific segments.

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NATIONAL SUPPLIERS COUNCIL

Chair - Eric Overhage
Handytrac Systems

The National Suppliers Council (NSC) identified goals and objectives that will be the Council's primary objectives for 2010 in their Plan of work including:

- Increase Active NSC Members by 10%
- Develop and Implement Panel/roundtable Series with Owners/managers to Share Business Partnership Insight to NSC Members.
- Develop, Present, and Implement NSC Bylaws Amendments Supporting Long Term Plan of Work Goals including the Creation of NSC Sub-committees:
 - NSC Membership Committee
 - NSC Member Benefits-Programs
 - Communications-Buyers Guide, NAA Web and print imaging
- Position the NSC Goals in Alignment with the NAA Strategic Plan Initiatives.
- Better Differentiate the Value of NSC Members as Industry Suppliers Including CAS Designation, and Company Involvement.

The following companies were approved by the NAA Board of Directors at this meeting.

1. Compliance Depot - Plano, TX
Business Type: Resident & Employee Screening
2. Design House - Mequon, WI
Business Type: Maintenance – Products and Services
3. NCC Business Services - Jacksonville, FL
Business Type: Resident & Employee Screening
4. Rainmaker - Alpharetta, GA
Business Type: Property Management Software
5. Team Too Termite and Pest Control
Corona, CA
Business Type: Insect Control Product and Services.

There are currently 155 members of the NSC.

He reported that the NSC members were excited to host the Opening Party in June in New Orleans and raised \$75,000, during the NSC Meeting at the Capitol Conference.

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.

During the business meeting the committee approved its 2010 plan of work which included:

- Develop Informational Brochure to Use with Military and External Audiences.
- Identify and Foster Key Capitol Hill Contacts.
- Build NAA Web site Presence for Military Housing.
- Further Develop/grow the Annual Roundtable.
- Develop Session ideas for NAA Education Conference to Grow Presence.

The committee also carried out discussions regarding the use of its now completed benefits of privatization tri-fold brochure and state level taxation proposals that could impact privatized military housing projects.

The committee continued to plan for a military housing education session at the June Education Conference as well as the possibility for conducting a military housing track at the 2011 Education Conference.

The committee hosted its annual Privatized Military Housing Roundtable with officials from the Department of Defense where progress was made regarding several policy issues.

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STUDENT HOUSING COMMITTEE

Co-Chair - Mike Peter
Campus Advantage
Co-Chair - Stacey Lecocke
Greystar

The Student Housing Committee met and discussed the following items.

- As part of the Plan of Work, the committee agreed to prepare a strategic plan for a student housing designation to gauge its feasibility.
- Final registration numbers from the 2010 Student Housing Conference were reviewed with total attendees at 718.
- The committee discussed changing the date of the Call for Presentations. The committee unanimously passed a motion to open up the Call for Presentations as soon as possible and keep it open until October 1.
- The committee agreed to keep the number of general sessions at 3 and breakouts at 16.
- The venue for 2011 will be Caesar's Palace in Las Vegas. To date 38 exhibitors have signed on.
- Subcommittees were selected in the areas of Tradeshow, Marketing and Education.
- The Committee reviewed the results of a survey for future years venues. The top three sites were San Diego, Las Vegas and Dallas. The Committee unanimously passed a motion to keep the Student Housing Conference in Las Vegas for 2012 and 2013. Staff will review contracts to see if this is still an option and report back to the Committee.

STRATEGIC PLAN COMMITTEE

Chair - Mike Gorman
Edward Rose Companies

The NAA Board of Directors approved a one-year strategic plan for 2011, with a two-year term of service by the Strategic Plan Committee for continuity of plan development and execution.

Mike Gorman provided the following timeline:

- During the fourth quarter of 2009, our facilitator, Dan Martinage conducted approximately 20 interviews of representatives from stakeholders in the fourth quarter of 2009. A report of findings and analysis was provided at the January 2010 Board meeting.
- During the January Board meeting, an environmental scan (economics report, job forecast) was presented to the Board and Strategic Plan Committee. Martinage presented at the January Board meeting and worked with 3 focus groups.
- Martinage facilitated 3 Focus Groups during the Capitol Conference. The groups were comprised of key stakeholders (member segments including CEOs, IROs, AEC, NSC, managers, owners and other stakeholders).
- During March through June 2010, staff will work with the Strategic Plan Committee and Martinage to build a plan for 2011. The plan will be submitted for review and approval to the NAA Board during the June Education Conference meeting in New Orleans.
- This approach allows strategic planning input during the 2011 budget preparation which begins in July 2010.

REPORTS FROM TASK FORCES

AFFORDABLE HOUSING

Chair - Robert Tinning
Churchill Residential Management

The Affordable Housing Task Force had a lively discussion which included NMHC staff regarding the legislative initiatives for the year: TCEP extension, Section 8, Low Income Housing Tax Credit, LEP and HUD underwriting issues.

The group will work to build a database that aids in defining affordable housing with in NAA

2010 CAPITOL CONFERENCE SUMMARY

including information on different programs and NAA member involvement in each.

This information will help the group move forward to develop its mission and become more of a forum working group for the membership.

The group will work to carve out space on the NAA Web site to for forum discussion as a member resource.

OTHER COMMITTEE REPORTS

GOVERNANCE

Chair - Ron Shelton

Amalgamated Management Corporation

This Governance Committee will review:

- Delegate Allocation & Distribution
- Allocation of Regional Vice Presidents
- Regional Structure and
- Assess Recent Amendments to the Bylaws and Policies and Procedures.

Discussion at this meeting included the need to Formalize the Process for Regions with regard to several activities.

Regional distribution was also discussed and it was agreed that the Regional Map should be distributed to all affiliates asking them if they may have any other considerations or comments about the existing states in each of the 10 Regions.

Since Delegate and RVP allocation is based on dues billed and received for 2011 from May 1, 2009 through April 30, 2010, a notice will also be sent to all AEs and RVPs reminding them of this process and to make sure membership dues are received on (or before) April 30th of this year.

NOMINATING

Chair - Ron Shelton

Amalgamated Management Corporation

The Nominating Committee met and discussed the need to develop and recruit new leadership.

A more formal process will be developed which includes updating the Criteria and Qualifications of NAA Officers for the Call for Nominations.

The Call for Nominations will subsequently be sent out to all Delegates, Board Members and Association Executives in April 2010 for officer positions in 2011.

The new composition of the Committee was implemented and committee members include: Chair, Ron Shelton, Tom Beaton, Phil Carlock, Cindy Clare, Deane Dolben, Rex Gambrell, Jim Hepfner, Jay Olson, Linda Page, Diana Pittro, Kathy Ratchford, Marc Ross, Rick Snyder and Gary Wilson.

The committee also discussed requiring staggered terms for the Past Chairman of the Board on the committee to ensure consistency.

HALL OF FAME

Chair - Ron Shelton

Amalgamated Management Corporation

The Hall of Fame Committee did meet during this meeting and a Call for Recommendations was distributed to all members present during the Joint Board and Assembly meeting.

Ron Shelton encouraged members to complete this form if you believe someone should be considered for this important honor.

Recommendations should be submitted to Karen Goggin by April 2, 2010 at karen@naahq.org

2010 CAPITOL CONFERENCE SUMMARY

STATE AND LOCAL POLICY OUTLOOK FOR 2010

2010 marks the second year of a two-year legislative session for a large number of states. The second half of the session tends to be the slower year of a biennial session and NAA Government Affairs staff anticipates that will remain the case for the most part. With most states continuing to experience severe fiscal problems, shoring up state finances will dominate the agendas of most legislative sessions. Many multifamily housing industry related issues will be addressed in 2010 sessions including any offsets the states attempt to implement to deal with their budget shortfalls. What follows are descriptions of several key issues that are likely to impact the industry nationally throughout 2010.

State Budgets and Taxes – For the third year in a row, finances will unquestionably dominate the legislative agendas of state lawmakers in 2010. In fact, fiscal analysts agree that the fallout from the “Great Recession” will continue to wreak havoc on state revenues well into 2012. History indicates governments’ success in closing recession-fueled budget gaps has typically trailed nationwide economic recoveries by two years.

Severe cutbacks have occurred in consumer and business spending, triggered partially by high nationwide unemployment (the rate of which has hovered near 10 percent since August 2009.) These cutbacks have fostered five consecutive quarters of state revenue loss – a record during which sales and income tax collections fell \$5.7 billion since the fourth quarter of 2008.

Constitutionally mandated to balance budgets, states offered up a mix of solutions to close \$146 billion in revenue gaps for the 2010 Fiscal Year (FY). Twenty-nine states have collectively raised taxes by \$24 billion in 2009 – the largest single-year, state-level cumulative tax increase in thirty years. Already, however, mid-year budget gaps of \$38 billion have developed in 41 states for the 2010 FY, which for most began July 1, 2009 and will end June 30, 2010. Looking ahead to the 2011 FY, projections peg state deficits at levels near or beyond those sustained in 2010.

With voters heading to the polls in November to elect governors in 37 states and legislators in 47, the debate over how to balance budgets will center primarily upon what are essentially the only two and equally unpopular options elected officials have left – saddle constituents with additional tax burdens or further slash government services. With the majority of state legislative sessions well underway, a mix of both – from across the board cuts in Iowa to placing before Arizona voters on the state’s November ballot the question of whether to hike the state sales tax by \$0.01 – have been proposed and passed.

As protracted fiscal woes persist unabated, policymakers in several states have recently begun to discuss the need for meaningful tax reform. In most cases, these proposals are aimed at identifying revenue sources that are believed to remain stable in the face of economic cycles.

One such measure gaining popularity among elected officials in several states (Ex. Michigan, Pennsylvania, Kansas and Missouri) is the expansion of their state’s sales tax base to include services. In an August 2009 report, the Washington, D.C.-based Center on Budget and Policy Priorities (CBPP) – a proponent of this policy – identified 168 “potentially taxable services.” Included in this study are several that would directly impact apartment owners and managers

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costs, including landscaping, payroll, security, maintenance, pest extermination, construction and advertising services, to name a few. The report also suggests residential rent payments could be taxed as a “shelter” service.

Attempting to evade the stigma of supporting tax increases, lawmakers seeking new revenue often look to fee increases as a palatable alternative when balancing budgets. Scorned by opponents as the equivalent to tax increases, proponents dismiss these allegations by maintaining the assertion that fee increases represent the true cost of service delivery. Regardless, in this era of budget shortfalls, even fiscal conservatives, such as Virginia Governor Bob McDonnell (R) have not entirely ruled out fee increases. Those with the potential to impact the financial bottom line of multifamily housing owners and managers include, among others, eviction filing fees, permitting fees, water and sewer fees and business licensing fees.

Ultimately, as governors and lawmakers prepare to bridge budget gaps for a third straight year, an “anything is on the table” approach to doing so persists. The same can be said for local governments, which, according to the National League of Cities, face revenue shortages of an estimated \$56 to \$83 billion from 2010 to 2012.

Expect lawmakers at the state and local levels to propose increases in taxes and fees as they move to stem the tide of red ink in 2010 and beyond.

Energy Efficiency/Green Building – The issue of energy efficiency has taken hold of the American public, leading many states and municipalities to try to “out green” one another. This is especially true when it comes to new building construction. Some experts have predicted that during the current economic downturn governments would be less likely to consider green building requirements due to the increased cost burden they impose. However, during recent meetings with leading state and local elected officials NAA staff was informed that policymakers intend to continue to move forward with these initiatives despite the weak economy. The reason given for this decision is multifaceted and includes the direct benefit to the environment, reduced energy costs, which will lead to long-term fiscal savings, and the creation of green jobs. NAA anticipates the apartment industry will continue to see a sustained growth in state and local green and energy efficiency initiatives for the foreseeable future. Reinforcing this forecast is the fact that at this juncture NAA is currently tracking 260+ green related bills at the state level alone, in addition to the myriad of local initiatives.

As mentioned above, state governments have been busy working on greening mandates. The California Green Building Code (CAL GREEN) officially went into effect at the beginning of August 2009, becoming the first statewide green-building-code standard. NAA will continue to monitor this issue to see if statewide green building code initiatives spread. Additional state proposals NAA is monitoring include energy auditing/ reporting requirements (Ex. California, Colorado, and Tennessee), and programs aimed at conserving water and/or submetering (Ex. California, Georgia, and New Jersey). Lastly, several states have banded together to form regional “cap and trade” programs, which aim to reduce carbon emissions through market-based carbon credit trading systems. 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 attempt to form their own.

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Cities such as New York, Portland, Chicago, Seattle, San Francisco, Austin, Boulder, and many other local governments have also been highly active in creating green programs. Of particular interest to the multifamily housing industry are proposals/legislation that force developers to adhere to strict environmental building guidelines (often times based on the U.S. Green Building Council's LEED program (Ex. San Francisco, Dallas, and Montgomery County, MD) and the creation of "carbon taxes" (Ex. Portland, OR and Boulder, CO). Cities and localities across the nation also continue to aggressively expand their environmental regulation of buildings outside of issues relating directly to energy consumption. For example, ordinances that encourage or require urban infill, transit oriented development, and recycling continue to proliferate.

Tax incentives have always been an important element in encouraging the greening of apartment communities. However, many state and local government budgets have been severely negatively impacted by the economic downturn, it is expected many governments will maximize use of non financial-based incentives – such as density bonuses and expedited permitting – until tax revenues return to normal levels. Once the economy begins to recover, NAA anticipates that tax incentives will again be widely employed to spur the development of green building practices. Many states and localities have also begun to establish loan funds specifically aimed at encouraging green improvements. These programs, such as PACE (Property Assessed Clean Energy) bonds and others, allow funds to be lent to commercial and residential property owners to finance energy retrofits who then repay their loans over 20 years via an annual assessment on their property tax bill.

Retroactive Building Code Requirements – In debates regarding the incorporation of new and updated building construction and safety codes into state and local statutes, lawmakers at both levels typically discuss whether existing buildings should be subject to the retroactive application of newly adopted code requirements. If adopted by state and local governments in their unamended form, the retroactive application of new and updated codes to existing structures would require owners to bring them "up-to-code" at costs of tens to several hundreds of thousands of dollars per property.

NAA is currently tracking over one hundred building code proposals at the state level that could potentially affect the multifamily housing industry. These proposals cover a wide range of requirements, including smoke detector (Ex. Texas and Washington), fire sprinkler and elevator retrofit mandates. In addition, NAA is monitoring several accessibility-related proposals.

Becoming increasingly prevalent among state building safety-related legislative proposals in recent years are measures requiring carbon monoxide detectors to be installed in new and existing multifamily properties. In most cases, these proposals require the devices to be installed in or near the general vicinity of all rooms in properties that use fuel burning heaters and appliances, as well as properties that have attached garages. Perhaps the biggest concern articulated to NAA from members and affiliates in states where carbon monoxide detector mandates are being considered is the issue of whether multifamily property owners and managers would be held liable for carbon monoxide poisoning in instances where the devices malfunctioned. NAA is currently tracking approximately 40 carbon monoxide proposals in states across the country (Ex. Iowa, Maine, Ohio, Tennessee, and Washington).

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NAA will continue to monitor and alert members and affiliates to life and building safety-related legislation at the state and local level that impacts or has the potential to impact the multifamily housing industry.

Bed Bugs – Bed bugs are once more 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. Currently, legislation is being considered in New Jersey, Arizona, and Maine which if enacted will clearly define the right and responsibilities of landlords and tenants regarding this issue. Several municipalities, such as New York, Chicago, and Cincinnati, have also formed stakeholder task forces in the hopes of producing practical policy solutions, while other cities have set forth strict protocols governing extermination and disposal procedures, subjecting noncompliant properties to fines, inspection orders and even jail time.

Due to the fact that laws addressing the bed bug boom are still in flux, courtrooms have become a key battleground in determining owner and operator rights and liabilities. 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. Plaintiffs in such cases often seek rent abatement, economic, non-economic and punitive damages. NAA anticipates such lawsuits will continue to multiply until such time as legislation and/or bed bug leasing clauses become more prevalent.

Additional Policy Concerns - Staff anticipates that the apartment industry will continue to see many traditional landlord-tenant proposals in 2010 such as amending security deposit requirements, apartment community registration and inspections. However, in addition to these every-year-issues other issues worthy of close attention include: smoke free housing, increased protected classes and foreclosure reform.

- Smoke free housing legislation, which restricts owners' rights to control their property and alienate some potential residents, have their genesis in California but are now being debated and/or litigated in several areas of the country including, but not limited to, Florida, Massachusetts, New York, New Jersey, and Texas.

- NAA is additionally monitoring a proliferation of states and localities adding new groups to their list of protected classes. Proposals include bills that would add protected class status for sexual orientation (Ex. Kentucky, Maryland, Missouri, and West Virginia), applicants with criminal or negative credit histories (Ex. Ohio, Connecticut, Wisconsin, and D.C.), mandatory Section 8 (Ex. Washington, Rhode Island, New York, and Hawaii), and victims of domestic violence (NAA is tracking bills in 34 states including Tennessee, Florida, Utah, and Indiana). Such mandates, when enacted, add administrative burdens and costs to an apartment communities' bottom line while exposing them to potential litigation.

- Lastly, as single family home foreclosures continue and concerns are erroneously bleeding over to multifamily properties. Policymakers misunderstand apartment operations and believe that tenants would be unexpectedly removed from their units in the case of a foreclosure. Due to this several states are considering proposals that provide tenants with notice and hold over rights.

For further information regarding these issues, and to determine ways in which NAA can assist state and local government affairs activities, including strategy development and model state legislation, please contact Scot Haislip at 703-518-6141 Ext. 120 or scot@naahq.org.