



# CAPITOL CONFERENCE

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NATIONAL APARTMENT ASSOCIATION

SUMMARY

MARCH 2013

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Alexandra Jackiw

#### Chairman-Elect

Brad Williams

#### Vice Chairman

Tom Beaton

#### Treasurer

Marc Ross

#### Secretary

Cindy Clare

#### Past Chairman

Jerry Wilkinson

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Frank Barefield

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##### Region X

CA-HI

Malcolm Bennett

Rick Snyder

### NAA CAPITOL CONFERENCE

March 10-13, 2013

Chairman Alexandra Jackiw 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:

#### BUDGET & FINANCE COMMITTEE

Accepted the 2012 Audit.

Approved the following allocation of \$460,585 in 2012 Net Income to the Board Designated Operating Reserves (formerly the Emergency Reserve Fund).

#### LEGISLATIVE COMMITTEE

Approved Industry Mobilization Fund (IMF) of \$5,000 for Coalition Funding of White Paper on Carried Interest.

#### INDEPENDENT RENTAL OWNERS

Approved pursuing discount programs, including big box home improvement stores, that would help attract and retain IRO members.

#### MEMBERSHIP COMMITTEE

Approved Affiliate Assistance funds for the South Dakota Multi-Housing Association in the amount of \$4,500 for LMS Accreditation for 30 NAAEI courses for a three-year period.

Approved Affiliate Assistance Funds for the Detroit Metropolitan Apartment Association in the amount \$4,330 for: two computers (2,350); wireless mic (\$800); projector (\$700); screen (\$180); and conference phone (\$300)

Approved Affiliate Assistance Funds for the Apartment Association of Greater Orlando in the amount of \$30k for class room equipment and educational and instructional technology enhancements for AAGO's new Education Center. The total cost will be in excess of \$70k. However, AAGO is contributing, \$141k and 63,900 from other sponsors and benefactors for the overall cost of the center.

Approved Strategic Growth Funds in the Amount of \$35,000 for the Communications Department to fund the NAA Affiliate co-branded membership marketing campaign.

Approved charter application for Multifamily Northwest in Portland, OR, representing 787 communities; 551 management companies; 221 suppliers and 105,977 units.

Approved charter application for the Greater Gulf Coast Apartment Association in Biloxi, MS, representing 35 communities 11 suppliers 7,000 units

#### NATIONAL SUPPLIERS COUNCIL

Approved the following new companies for the National Suppliers Council membership: Apartment Gift Solutions by Can You Imagine - Marietta, GA; Associated Materials, Inc. - Acworth, GA; Dickson Furniture Manufacturers - Houston, TX; Evolutions Insurance Brokers - Sandy, UT; Invisible Waste Services - Orlando, FL; Notivus - Alpharetta, GA; Playworld Systems Inc. - Lewisburg, PA; Waste Management, Inc. - Houston, TX

#### NAAEI BOARD OF DIRECTORS

Approved NAAEI Board's decision to establish a 501(c)6 organization, moving designation program revenue and direct expense from NAAEI's 501(c)3 to the 501(c)6.

#### NOMINATING COMMITTEE

Approved amending NAA Policies & Procedures so that the Call for Nominations for NAA Officer positions be due by July 31st and that the Assembly of Delegates will be notified of nominees for officer positions no later than August 31st each year.

Removed annual meeting and inserted Assembly of Delegates Meeting for clarification in the Policies & Procedures.

Removed from Policies & Procedures the reference to 15 days prior as no applications will be accepted after July 31st.

The 2014 Call for Nominations (NAA Officers in 2014) will be distributed during the Joint BOD/AOD Meeting during the Education Conference Meeting on June 19, 2013.

The Call for Nominations will be due no later than July 31, 2013.

# **APARTMENTS**

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## **WE LIVE HERE**

### **2013 APARTMENT INDUSTRY KEY ISSUE**

#### **Apartment Industry Overview**

#### **Talking Points**

#### **The Apartment Industry is a Competitive and Robust \$1.1 Trillion Industry**

- The nation's 19.1 million apartment homes and the 35 million residents who live in them contribute \$1.1 trillion annually to the economy.
- They support 25.4 million jobs.

#### **Booming Rental Demand**

- One-third of Americans rent their homes and one-third of those live in apartments.
- In this decade, renters could make up half of all new households—upwards of seven million new renter households.

#### **Demand Outstripping New Supply**

- We need to be building an estimated 300,000-400,000 units a year to meet expected demand. Yet in 2011, we built just 130,000 new apartments. That's not even enough to replace the units lost every year to demolition, obsolescence and other losses.

#### **A Vital Economic and Jobs Contributor**

- Apartments and the people who live in them contribute, on average, more than \$3 billion a day to the economy.
- In 2011, new apartment construction produced \$14.8 billion in spending, supported 323,781 jobs and had a total economic contribution of \$42.5 billion.
- The same year, the operation of the nation's existing apartments accounted for \$67.9 billion, 2.3 million jobs and a total economic contribution of \$182.6 billion.
- Apartment resident spending in 2011 totaled \$421.5 billion, supporting 22.8 million jobs and a total economic contribution of \$885.2 billion.
- The collective economic impact of apartments and apartment residents is only set to grow as greater economic stability and stronger job creation lead to stronger household formations.

**WWW.WEAREAPARTMENTS.ORG**

### 2013 APARTMENT INDUSTRY KEY ISSUE

#### Housing Finance/GSE Reform

#### Talking Points

One in three Americans rent, and 17 million of those households are building their lives in apartments. Apartments are helping meet the housing needs of people across all income levels in every corner of the country. Many factors influence the apartment industry's health and ability to meet the nation's growing demand for rental housing, but the availability of consistently reliable and competitively priced capital is the most essential.

- The Government Sponsored Enterprises' (GSEs') (i.e., Fannie Mae and Freddie Mac) multifamily programs were not part of the housing crisis meltdown.
- Unlike the single-family sector, the GSEs' multifamily programs have been very successful. They have generated over \$10 billion in net profits to the government since being placed into conservatorship and have a default rate of less than one percent.
- The GSEs' multifamily programs serve a critical public policy role in ensuring that multifamily capital is available in all markets at all times.

NAA/NMHC urge lawmakers to recognize the unique needs of the multifamily industry and to retain the successful components of the existing multifamily programs in whatever succeeds them. Goals of a reformed housing finance system should be to:

1. Ensure mortgage liquidity in all markets at all times;
2. Ensure capital availability for the wide range of properties, sponsors and renters;
3. Expand private capital participation;
4. Limit/mitigate market disruptions; and
5. Insulate the taxpayer from losses.

*Additional details on NAA/NMHC's GSE position are included in our GSE white paper that can be found at:*

<http://www.naahq.org/governmentaffairs/issues/HousingFinanceCapitalMarkets/Documents/NMHC-NAA%20GSE%20Reform%20Principles%20web.pdf>

**2013 APARTMENT INDUSTRY KEY ISSUE**  
**Immigration Reform**  
**Talking Points**

**Key Points:**

- Immigration policy must be comprehensively reformed. Considering individual policy components will not resolve the ineffectiveness and inefficiency of the current system.
- Immigration policy is a federal responsibility. Apartment owners and operators should not be required to act as law enforcement when it comes to screening for legal citizenship.
- Comprehensive immigration reform proposals currently under consideration would bring much needed legal certainty in every congressional district and diminish the motivation for enacting immigration measures at the state and local levels—including those targeting multifamily rental housing providers.
- Comprehensive immigration reform legislation must strengthen border security, provide a reliable system for employers to efficiently verify the immigration status of employees, support a rational visa program to adequately address changing workforce needs for growing our economy and offer a reasonable opportunity for earned legal status to undocumented individuals currently living and working in the United States, subject to certain criteria.

**NAA/NMHC Position:**

Fixing our national immigration policy demands comprehensive federal legislation. Immigration policy is a federal responsibility with national security and economic implications that should be handled by the federal government. Importantly, comprehensive immigration reform at the federal level would provide legal certainty and mitigate the incentive for state and local governments to enact a patchwork of laws—including those measures imposing mandates on rental housing providers to verify the immigration status of apartment residents.

**[WWW.WEAREAPARTMENTS.ORG](http://WWW.WEAREAPARTMENTS.ORG)**

**2013 APARTMENT INDUSTRY KEY ISSUE**  
**IRS Section 263 Repair Rules**  
**Talking Points**

**The regulations create severe cost and administrative burdens.**

- ✓ *Overhead* – personnel will need to be hired to review all repair and maintenance expenditures greater than the \$100 de minimis threshold to determine if they should be capitalized rather than expensed.
- ✓ *Recordkeeping* – the massive amount of recordkeeping needed for each building and building system creates an extremely burdensome administrative requirement.
- ✓ *Accounting Professionals* – the required classification of expenditures into the mandated asset classes could functionally require each taxpayer to obtain a cost segregation analysis costing in excess of \$10,000 per property.
- ✓ *Management Fees* – the increased complexity and administrative burden of accounting for expenditures will result in increased management fees charged to property owners.
- ✓ *Accounting Method Transition* – taxpayers making an accounting method change will need to review the past two years' accounting policies, methods and records, which must be restated using the new regulations. This will necessitate numerous calculations and require many hours of staff and professional time at significant cost.

**The regulations are so complex and confusing that they inevitably will result in unintended noncompliance by many taxpayers.**

- ✓ The regulations are slated to go into effect January 1, 2014. They and the accompanying revenue procedures are a combined 350 pages long. They are complex, confusing and can be interpreted in numerous ways. It is likely that a significant number of taxpayers will misinterpret them and not comply accurately.

**The regulations penalize older apartment communities.**

- ✓ If the taxpayer has audited financial statements, the repair and maintenance expense deduction is limited to the greater of 1/10 of 1% of revenue or 2% of depreciation and amortization. Older properties have less depreciation and amortization but more repair and maintenance expenditures.
- ✓ Limiting the maximum deduction to the stated percentage of revenue or depreciation and amortization actually requires reviewing expenditures greater than \$100 twice because if the percentage threshold is exceeded, the taxpayer must then determine which items to expense and which items to capitalize.

**The regulations move businesses toward existing only for the purpose of paying taxes.**

- ✓ All of the time and expense to comply with these regulations only results in a change in the year in which the expenditures are deducted. This reduces the profitability of each taxpayer while accomplishing nothing of real value for the business.

**It is unclear that these regulations are addressing actual abuse of the tax code.**

- ✓ It is unclear that there is widespread abuse of recognizing deductions in the current year rather than capitalizing them and depreciating them over several future periods. For years, the IRS has included this evaluation as part of their audit procedures.
- ✓ If abuse is not widespread, it does not make sense to institute hundreds of pages of regulations that only result in increasing the complexity of compliance and the cost of doing business, thereby reducing the profitability of business in general.

**The regulations will have unintended negative impacts on the economy.**

A property owner is less inclined to incur expenditures because these amounts may not be deductible in the year of the expenditure. This will slow the economic recovery by reducing job creation and employment

### 2013 APARTMENT INDUSTRY KEY ISSUE

#### Tax Reform

#### Talking Points

Tax reform continues to be the subject of intense discussion in our nation's capital. While prospects for legislation remain uncertain, tax reform has the capacity to significantly impact owners, operators and developers of multifamily housing. Indeed, the multifamily industry pays taxes as communities are constructed, operated and managed, and subsequently sold or passed on to future generations. While the devil is in the details, the multifamily industry favors pro-growth reform that does not disadvantage our industry relative to other asset classes. In particular, any reform effort must respect the elements identified below.

#### Key Points:

- **Enact Comprehensive Tax Reform and Protect Partnerships.** We agree on the need for tax reform, but tax reform should be comprehensive and not reduce corporate tax rates at the expense of flow-through entities (e.g., LLCs, partnerships, S Corporations and sole proprietorships) that dominate the apartment industry and are taxed at individual tax rates.
- **Retain the Deduction for Business Interest.** Reducing this would increase the cost of debt financing necessary for large-scale projects, curbing development activity and killing jobs.
- **Protect the Low-Income Housing Tax Credit.** This program is a vital source of affordable housing and one of the most successful public-private partnerships in our modern era.
- **Maintain Current Tax Treatment of Carried Interest.** Proposals to raise taxes on carried interest don't just affect Wall Street, they also affect Main Street because they include partnerships, and 46% of all investment partnerships in America are real estate. This tax change would have a chilling effect on job creation and our supply of workforce housing.
- **Retain Current Estate Tax Legislation.** Policymakers should retain the estate tax compromise contained in the *American Taxpayer Relief Act of 2012* that calls for a \$5.25 million exemption (indexed for inflation), 40% top rate and retention of stepped-up basis rules.

#### NAA/NMHC Position:

- Tax reform must address both the individual and corporate sides of the tax code. Flow-through entities that dominate the apartment industry and pay tax based on the individual side of the code should not shoulder the cost of corporate tax reform.
- In addition to comprehensive tax reform, we urge Congress to maintain current tax treatment of carried interest, retain the deduction for business interest, protect the Low-Income Housing Tax Credit program and preserve the current law on estate taxes.

# **2013 CAPITOL CONFERENCE SUMMARY**

## **AFFORDABLE HOUSING COMMITTEE**

Chair – Bill Wollinger  
WinnResidential

The Affordable Housing Committee focused on federal and regulatory issues.

Three industry government affairs experts, including Cindy Chetti from NMHC, Kris Cook from NAHMA and Denise Muha from the National Leased Housing Association led the discussion.

A myriad of issues were covered, including the impacts of the sequester on Section 8 (and other programs), the future of the Low Income Housing Tax Credit and multifamily programs at the Federal Housing Administration.

The Committee brainstormed ideas for combining the local grassroots efforts of multiple industry organizations to promote the benefits and positive impacts of affordable housing. A team was established to organize this project.

The Committee also approved its Plan of Work for 2013.

## **ASSOCIATION EXECUTIVE COUNCIL**

President – Pam Bennett  
Apartment Association of Greater Philadelphia

It was announced that Multifamily NW, representing the state of Oregon, will be re-affiliating with NAA. President Paul Hoevet and Executive Director Deborah Imse were welcomed by the Council.

NAA Chairman Alex Jackiw discussed NAA's plan to go from "First Class to World Class" and how building a strong affiliate network is part of that endeavor

Greg Brown, NAA Sr. Vice President of Government Affairs, provided the Council with an update on NAA's advocacy program, touting successes with media coverage in targeted markets. Greg also announced the launching of weareapartments.org where statistics on the economic impact of the apartment industry can be accessed.

AEC President Pamela Bennett gave an update on the Co-Branded Membership Initiative. Several Council members provided testimony to the program's effectiveness and ease of use.

John Mitchell provided an update on the NAA database initiative. A working group of association executives are exploring the concept of creating a customer relationship system that can capture detailed data on the member that can be used for target marketing. John explained that this process may take up to a year to ensure that the needs of affiliates are met and encouraged everyone to provide their input

Jeff Lowery reported that as part of NAAEI's Capital Campaign efforts, they would like to develop a system where affiliates can contribute. Lynn Sullivan and Josie Eatmon have been appointed to serve as liaisons to work with NAAEI on this initiative

Pete Regules thanked the AEC for its generous support of the Education Conference Kick-Off Celebration. The goal is to raise \$10,000 in gift cards that will be given away during this exciting event.

# **2013 CAPITOL CONFERENCE SUMMARY**

## **BUDGET & FINANCE COMMITTEE**

Chair – Marc Ross  
Bob Ross Realty

The Budget and Finance Committee met with Tate & Tryon auditors to review the consolidated NAA, NAAEI, and PAC financial statements and required letters.

NAA has a qualified opinion letter because NAAEI does not record pledges in accordance with Generally Accepted Accounting Principles (GAAP) which require the organization to recognize contribution revenue in the reporting period when the pledge is received. NAAEI has elected to record contributions when cash is received.

The consolidated net operating income for 2012 was \$682,844. The consolidated net income after restricted reserve expenditures was \$516,418. The breakdown of net income after restricted reserves per entity is as follows:

NAA - \$460,585 vs. budget of \$(45,000) – favorable variance of \$505,585 is mainly due to strong lease sales, membership dues and the success of the Education Conference.

NAAEI - \$59,518 vs. budget of \$34,146 – favorable variance of \$25,372

PAC - PAC raised \$364,693 which is the highest yearly amount to date.

The auditors informed the Budget and Finance Committee that there were not any material weaknesses or deficiencies noted during the audit. The management letter did not contain any comments for the current year. There was an update on the informational comment from the previous year which noted that the recommendation had been implemented.

The communication letter required to be provided by the auditors to the board did not contain any significant comments of note this year.

## **COMMUNICATIONS ADVISORY BOARD**

Chair – Jordanna Paciorek  
Edward Rose & Sons  
Vice Chair – Chris Carter  
Carter-Haston Real Estate Services

The Communications Advisory Board successfully tried an alternative approach to its room set up and meeting discussion. We created five roundtables and encouraged small-group discussion.

Each group discussed industry topics such as the gun rights of residents and new health care policy and suggested potential research ideas for NAA to pursue. Attendees felt knowledge about gun rights would be valuable, but insisted that no policy position on the topic be included.

As for health care, many, including the apartment industry are unknowing, to some degree. While an article submitted for publication (perhaps to appear in the May issue) offers answers, the CAB suggests having the author include “questions you should ask” if you are an employer or employee planning for next year.

As for research, the meeting included idea sharing only, so NAA will give thought to research “just on new developments” vs. overall; passing on property tax to residents’ rent rate; resident utility information and examples of ancillary income programs.

# 2013 CAPITOL CONFERENCE SUMMARY

## 2013 CONFERENCE COMMITTEE

Chair – Cindy Clare  
Kettler Management  
Co-Chair – Dave Schwehm  
Time Warner Cable  
Co-Chair - Pam Bennett  
Apartment Assn. of Greater Philadelphia



Cindy Clare reported that there were only 99 days until the start of the 2013 NAA Education Conference & Exposition in San Diego. Pete Regules, Co-Chair of the Conference Kick-Off Subcommittee gave a brief update noting that the conference started on Wednesday June 19<sup>th</sup> (Not on Thursday).

Cindy thanked the 22 metal sponsors of the conference.

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The Home Depot  
Lowe's  
ResidentCheck

90% of the trade show floor space has been sold and are working hard to fill up the exhibit hall. We appreciate and value the support of our supplier partners and what they do for our industry.

We currently have 1,868 full paid conference attendees registered for the conference. At this point last year, we had 1,767. While we are pacing ahead of last year, we will continue to push hard for registrations to make sure that we set another attendance record.

NAA is going to Rock The Block in San Diego by taking over the Gas Lamp District for the NAA Opening Party. NAA will own two full blocks of the Gas Lamp District, including all of the restaurants, shops and the streets, too. Just for NAA attendees. The Opening Party will be three hours of food, drink, entertainment and fun. This is definitely an event you won't want to miss!

NAAEI will be holding a Military Job Fair prior to the Conference Kick-Off on Wednesday. NAA is excited about this new program and what we are doing for our military.

She reported that NAA was bringing back Bert Jacobs to speak at the Saturday Awards Breakfast. Bert was a tremendous draw in Boston and we feel he will do the same for us in San Diego, especially for people that missed him in Boston.

NAA is launching the Play It Forward fundraising program for the June Conference, with all funds going towards the Life is Good Playmakers Charity that Bert Jacobs started.

# 2013 CAPITOL CONFERENCE SUMMARY

There is a web site that has been created specifically for this event and NAA is encouraging all property management folks, suppliers, affiliates and AE's to participate. The idea is for a group to hold a "fundraiser" of their choice (5k Fun Run; Wear Jeans to Work Day, etc.) where you can raise money for the Playmakers Fundraiser.

The overall winner of this contest who raises the most money gets to have lunch (and 9 of their closest friends) with Bert Jacobs on Saturday afternoon after he speaks. NAA staff launched their fundraising program this week (Wear Jeans to Work Day and pay \$10). What program or event will you create?

There are a lot of new and exciting things we are working on for this conference, in addition to our keynote speakers, Sir Richard Branson and Erik Wahl. The 2013 NAA Education Conference & Exposition truly is the best and largest show in our industry – See you in San Diego!

## GOVERNANCE TASK FORCE

Chair – Jerry Wilkinson  
The Wilkinson Group

Chairman Wilkinson reviewed the agenda noting that any Governance change is typically an evolution and not a sudden change.

The recent adoption of the Business Intelligence Plan has sparked new interest with regard to the governance of the National Apartment Association.

Seth Kahan facilitated the gathering of intelligence for the plan and he spoke briefly to the Task Force. From the Overview of the Business Intelligence Plan he noted that it said:

“The model the board has run on for 70+ years cannot take the organization into the 21st century. This means *reexamining board structure and governance to achieve a nimble body* that adds market leaders who have not risen up through the ranks. This effort should include reaching out to C-level executives of large companies and other market leaders, to engage and bring them into the organization, as a way to fuel growth for the affiliates and better serve the industry through greater NAA influence.

It should include a formal effort to reexamine the bylaws and compare NAA's board to best practice governance bodies in other organizations.”

Jerry Warshaw, Past Chairman of the Board in 1990, shared with the group the environment in the 1980's that led to a bylaws change and the current structure of the Board and Assembly of Delegates.

Mr. Kahan explained that the marketplace and technology today may spark the need to revisit the governance of NAA. Any change however must be considered in the context of the “big picture” considering the entire organization.

## GREEN TASK FORCE

Chair – Scott Wilkerson  
Ginkgo Residential

The group sat in six roundtables, which inspired small-group discussion. Each group discussed ideas on how to market the NAA Green Conference, April 15-17, in Baltimore, and then reported back to the group.

Ideas including targeting "member types" such as Lyceum graduates, AEs, developers, government staff, current college MBAs and supplier clients and management peers.

The Task Force also received a Power Point presentation on the value of LED lighting and had a Q&A about how task force members are using this lighting.

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## **INDEPENDENT RENTAL OWNERS COMMITTEE**

Chair – Steve Ross  
Bob Ross Realty

The 2013 IROC Plan of Work was approved by the committee.

A history of the IROC as well as NAA segment demographics was provided to committee members. IROC Chair Steve Ross opened discussion on whether the IRO definition as well as services need to be re-examined.

The IROC approved a resolution to request that NAA explore the creation of a member discount program, including big box retail outlets, that would help attract and retain IRO members.

The committee discussed a list of suggested topics for upcoming Best Practices web calls.

## **INTERNATIONAL TASK FORCE**

Chair - Rick Graf  
Pinnacle

International Task Force members discussed the success of the 2012 meetings in Brazil, Germany and the Czech Republic. Over 40 of the Association's members attended the three international trips which provided an opportunity to meet with multifamily developers, operators, and financiers in three vastly different markets.

For 2013, over 40 attendees from seven different countries have already been identified as attending the June Education Conference Expo in San Diego. Members of the Task Force also reported on a meeting with a group of companies in Mexico City that are interested in importing the U.S. rental housing model to their market. The group is well financed and positioned to provide housing for the region's growing middle class population. However, they recognize that the skills and resources to effectively manage "A" and "B" type rental properties in their market are not available. Additional meetings may occur as the dialogue continues.

The annual trip to Expo Real was also discussed. The conversation included discussions on logistics and targeting of potential attendees and possible sponsors. The post Expo study trip will be to Barcelona. Spain is the study of two markets. In the south of Spain, the unemployment is topping 50%, but in northern areas like Barcelona the unemployment is closer to 7% spurring a greater demand for rental housing.

## **LEADERSHIP LYCEUM**

Chair – Jeff Lowry  
Madera Companies

Eleven participants graduated during the Capitol Conference including

- Mack Armstrong, Houston Apartment Association
- Tim Babcock, BluSky Restoration
- Julie Blaikie, Equity
- Ken Bohan, The Liberty Group
- Robert Carson, Detroit Metropolitan Apt. Assn.
- Brigitta Eggleston, Yardi
- Colleen Grahn, Austin Apartment Association
- Lori Ohlensehlen, Bay Area Apartment Assn.
- Jeff Smedley, American Utility Management

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- Jodi Spurrell, Apartment Assn. of Tarrant County
- Dennis Watts, Apartment Assn. of Kansas City

Since the program's inception in 2003, 222 members have now completed the Lyceum.

## **LEASE ADVISORY COMMITTEE**

Chair – Stephanie Puryear Helling  
Greystar

The Lease Advisory Committee met on Monday March 11th and approved its 2013 Plan of Work. In addition, the Committee received updates from staff regarding the 2014-2015 planned revamp of the TAA/NAA Lease documents and the progress being made to add document management services to the lease program functionality. Further, the Committee discussed the assignments and tasks for two subcommittees that have been formed for this year: the Lease Program Optimization and Legal Guides Subcommittees. These subcommittees met later in the day to begin their work. Lastly, the Committee considered and came to a conclusion regarding two member requests regarding changes to the program.

## **LEGISLATIVE COMMITTEE**

Chair – Mike Holmes  
Easlan Management Company  
Nation Issues Chair – Robert Tinning  
Churchill Residential  
State & Local Issues Chair – Mike Clark  
Alpha Barnes Real Estate Services

The Legislative Committee changed their meeting format. In addition to reports and updates, members separated into four groups and discussed state and local issues impacting members in their regions. The goal was to get some direct input from Committee members on the critical issues in their respective regions and identify areas where additional NAA support and other resources from NAA was needed.

Updates were provided to the Committee on NAAPAC, the AIMS Grassroots program, Federal issues, two specific issue member working groups and the joint NAA/NMHC public relations campaign. Additionally, two past affiliate recipients (Apartment Association of Kansas City and Central Virginia Apartment Association) of Industry Mobilization Fund dollars gave the Committee an update on their projects.

The Committee approved an IMF request from staff for \$5,000 to support a coalition research effort on carried interest and approved funding to be directed to legal research on a long-term litigation strategy on rent control.

The Committee also approved its Plan of Work for 2013.

## **MEMBERSHIP COMMITTEE**

Chair - Rick Snyder  
R.A. Snyder Properties  
Vice Chair - Bret Holmes  
Advanced Management Group

NAA has seen a nine percent increase in member count and a five percent increase in unit count since 2012. NAA's membership is comprised of 62,097 members and 6,681,341 units.

The Membership Committee discussed its 2013 Plan of Work, which includes identifying participation levels of NAA affiliates and member companies by developing performance metrics and snapshots with real-time data

# **2013 CAPITOL CONFERENCE SUMMARY**

of NAA's program areas; developing marketing strategies to assist affiliates with marketing, recruitment and retention efforts; develop a "Membership in a Box" model to include templates and association management best practices and developing an NAA branding and accreditation program for rental communities.

The Committee received updates on AMS, Strategic Growth, Data Services and the NAA Lease Program. There were several action items for Board approval that are referenced at the beginning of the Capitol Conference Summary for Affiliate Assistance and Strategic Growth Funds and Charter Applications from Multifamily Northwest and the Greater Gulf Coast Apartment Association.

## **MEMBERSHIP GROWTH TASK FORCE**

Chair – Terry Danner  
Riverstone Residential Group

The Membership Growth Task Force approved the 2013 plan of work which is to (1) Develop and execute multi-tiered membership growth strategies aimed at increasing membership within existing NAA affiliate territories and (2) Develop and execute a plan to increase NAA membership in areas outside of established NAA affiliates, including direct membership and chartering new affiliates.

Several recent membership initiatives were highlighted and discussed.

(1) New Affiliate Markets - Multifamily NW (formerly Metro Multifamily Housing Association) joined the NAA Network and bringing 106,000 new units from the state of Oregon.

(2) Co-branded Marketing within Existing Affiliates - The program facilitates the marketing of the NAA Network value proposition to affiliates non-member prospects, at no cost to the affiliate. Affiliates customize their marketing and there are two components to the program, a one page flier mailed with units and an email version. There are 32 affiliates that are currently part of this program are all using this in all of their local marketing. The program continues to grow.

(3) The task force will look into developing a survey to gauge why members are a part of the NAA Network .

(4) Metrics from NAA on the Top 50 property managers/owners will be tweaked to enable the task force the ability to analyze those that have/do not have current units under membership, as well as each company's level of participation in NAA related programs.

## **NAA EDUCATION INSTITUTE**

President - Bill Wollinger  
WinnResidential  
Vice President - Diana Pittro  
RMK Management Corporation  
Secretary/Treasurer – Tom Beaton  
The Dolben Company

NAAEI's auditors recommended that NAAEI establish a NAAEI 501 (c) 6 organization and run all designation revenue and direct expense through this organization.

A private letter ruling from the IRS stated that certification income in a 501 (c) 3 organization is considered Unrelated Business Income and is taxable income. In addition, the percentage of NAAEI's revenue generated from designations has grown considerably and we could risk losing our 501(c) 3 Tax Exempt status.

Tate & Tryon went back to 2004 to determine if we owed tax and found that the designation programs ran at a loss, so we have no tax liability.

The following motion was approved by the NAA Board.

NAAEI establish a 501( c ) 6 organization and run all designation revenue and direct expense through this entity.

# 2013 CAPITOL CONFERENCE SUMMARY

Information about the Military Career Fair that NAAEI will host in San Diego on Wednesday, June 19 from 9 AM to 3 PM was provided to each member. We have room for 50 companies to exhibit and anticipate 1,000 veterans, military spouses and transitioning military. We anticipate that most of the attendees will want to return to their home town or somewhere outside of California and are looking for owner manager and supplier companies who have a need for talent across the country to participate. The Career Fair booths are \$1000 and 100% of that fee will go to the Military Family YMCA and REBOOT (boot camp for transitioning to civilian jobs).

A pledge form for the NAAEI Capital Campaign was also distributed. To date, NAAEI has raised about \$2 million dollars and he recognized the following investors:

Equity Residential

Yardi

Coinmach/Appliance Warehouse

Lowe's

Indiana Apartment Association

The Dolben Company

Roto Rooter

Rent Debt

The Pusateri Family

Plus many individual gifts from NAA and NAAEI Board Members. He requested that members support NAAEI's campaign and fill out a pledge form. You can provide the completed forms to Bill Wollinger or Maureen Lambe.

## NAAEI CURRICULUM DEVELOPMENT

Chair – Stephanie Puryear Helling  
Greystar

## NAAEI PROGRAM ADMINISTRATION

Chair – Lynne Sullivan  
Indiana Apartment Association

The Curriculum Development and Program Administration Committees discussed the updates to the CAM exams, NAAEI's Learning Management System as well as held breakout sessions to discuss NAAEI's programming for 2013.

- The CAM updates include rolling out the new Research, Analysis and Evaluation module to replace the Community Analysis. The changes to the CAM program took effect January 1, 2013. Once the updated CAM exam is available in April, it will be delivered in two parts. Part I will have 100 multiple choice questions that measure mastery of every CAM module except the new Research, Analysis and Evaluation. Part II is 75 scenario-based, multiple-choice exam items that measure mastery of the CAM content through application. Keep in mind that the new Research, Analysis and Evaluation module will test students on ALL modules of CAM, just like they used to in the Community Analysis Project.
- NAAEI has held 10 proctor trainings and plans on hosting approximately 4 more. Affiliates participated in a webinar/conference call to become a trained proctor. The proctor training is approximately 1 hour. The Proctor Manual contains everything affiliates need to know to successfully administer the exam.
- NAAEI held a beta version of the exam and feedback is still coming in. Initial feedback will help NAAEI better align the homework and skill checks with the new Part II of the exam. NAAEI is also clarifying the message that the new Part II exam covers ALL modules of the CAM program.

**The Affiliate Education Conference will be on August 21-23 in Baltimore, Maryland  
hosted by the Maryland Multi-Housing Association.  
The conference will be held at the Hotel Monaco.  
Room rates are \$139.**

# 2013 CAPITOL CONFERENCE SUMMARY

## NAAEI APARTMENT CAREERS COMMITTEE

Chair - Susan Sherfield  
Mercy Housing

### **2013 Apartment Careers Month Update**

NAAEI recognizes the following cities and states for their proclamations and resolutions celebrating National Apartment Careers Month: Arkansas, Georgia, Winston-Salem, NC, Texas, North Carolina, New Mexico, Lubbock, TX, Denton, TX, Dallas, TX, Charlotte, NC and Greensboro, NC.

The winner of the NAAEI 2013 "Get Reel Career Video Challenge" is Kelly Tabolt, Leasing Manager, Winn Residential, Fort Drum Military Community Homes in Watertown, NY.

### **2013 NAAEI Military Career Fair Update**

John Cullens and ApartmentCareers.com have supported this Career Fair by purchasing a Career Fair management module and providing the programming of the module and NAAEI's use of it free of charge. This donation in kind would have cost NAAEI thousands of dollars.

The 2013 NAA Education Institute Military Career Fair will feature up to 1,000 veterans, military spouses and transitioning military members who will be looking to start an apartment career in cities across the United States. In many cases, transitioning military members will be looking to return to their hometown and families.

The Career Fair will be held on June 19, 2013, from 9:00 AM – 3:00 PM at the San Diego Convention Center. Apartment management and supplier countries with jobs across the United States are encouraged to participate.

### **EXHIBITOR REGISTRATION OPENS APRIL 1**

HURRY! Participation is limited to 50 apartment owner, management or supplier companies. 100% of the \$1,000 registration fee will be donated to The Armed Services YMCA (San Diego), the oldest and largest non-profit focusing on the needs of the military family and REBOOT, a San Diego non-profit that provides training to successfully transition veterans from the "battlefront" to the "homefront."

Go to: to [www.apartmentcareers.com/careerfair-www.apartmentcareers.com/careerfair-employer](http://www.apartmentcareers.com/careerfair-www.apartmentcareers.com/careerfair-employer) and reserve your space!

## NAAPAC

Chair - Victoria Cowart  
Darby Development Company

The NAAPAC hosted a reception at the rooftop at the Hay-Adams hotel. We raised \$51,000. for the Better Government Fund and \$4,100. for the NAAPAC!

There were amazing views of the white house and special demonstration by Chef Roland, former White House Pastry Chef. The Chairman of the Housing & Insurance Subcommittee Financial Services, Representative Randy Neugebauer also was present.

Victoria Cowart thanked AUM for being the associate sponsor, sponsoring the chef demonstration, and the Apartment Association of Greater Orlando for sponsoring the diamond earrings.

### 2012 PAC Financials

She reported that in 2012, NAA had met and exceeded the half million dollar goal.

NAA raised \$364,000 in PAC dollars and \$150,945 in Better Government Funds!

This means that for the 2012 election cycle, we raised over \$680,000. This is a 59% increase in contributions. We also had 50 affiliates meet their PAC goal.

### 2013 PAC Financials

In 2013, our PAC goal is \$400,000 and our BGF goal remains at \$150,000.

As of March 1<sup>st</sup>, we have \$53,600 in PAC contributions, which is \$13,000 more than this point last year.

We also have four affiliates who have met their goal already!

- Atlanta Apartment Association

# 2013 CAPITOL CONFERENCE SUMMARY

- Charleston Apartment Association
- Rental Housing Association of the Greater Boston Real Estate Board
- San Antonio Apartment Association

As of March 1<sup>st</sup>, the Better Government Fund had \$33,000 with last night's event, our new total is \$50,000. Valet Waste sponsored the *In It To Win It Raffle* at the Student Housing Conference a few weeks ago with a \$500 cash prize. She thanked early contributors for their All-In effort.

## NATIONAL SUPPLIERS COUNCIL

Chair – David Schwehm

Time Warner Cable

NSC Chairman, Dave Schwehm welcomed eight new NSC members including: Apartment Gift Solutions by Can You Imagine, Associated Materials, Inc., Dickson Furniture Manufactures, Evolutions Insurance Brokers, Invisible Waste Services, Notivus, Playworld Systems Inc., and Waste Management, Inc. Tony Sculthorpe, NSC Secretary reported that NSC membership is currently at 179 companies and recruitment is going well. The NSC 2013 Plan of Work was approved and the 2013 committee and regional liaison reports were shared.

Tony Sculthorpe also shared that the NSC has organized a Supplier Track at the NAA Education Conference with three sessions:

1. Selling to Different Ownership Entities, Thursday, June 20, 9:00 a.m. – 10:30 a.m.
2. Inside the Sales Leader's Journey, Thursday, June 20, 10:45 am – 12 p.m.
3. Maximizing the Supplier Relationship with your Local Affiliate, Friday, June 21, 4 p.m. – 5:30 p.m.

The NSC heard an update on the NAA Education Conference Opening Party. The NAA Rocks the Block Party is the most exciting and fun networking event of the year – so don't miss it! A ticket is included with all full conference registrations. As in the past, The NSC has taken a lead in helping to develop the party-ensuring a great time for everyone. Its' Thursday night, June 20th, 7 -10 pm.

Sponsors to date are Apartment Guide, Appliance Warehouse, Belfor, Coinmach, CORT Ellipse Communications, HD Supply, Resident Check, Riverstone Residential Group, Sherwin Williams, Time Warner and Wilmar. There are restaurants you can own as your home base and VIP Lounges. See Margaret Core in the NAA Staff for more details to join in .

Dave Schwehm, NSC Chair asked that no company host a competing event during 7 – 10 pm.

Jeremy Figoten provided the NSC an overview of the NAA Life is Good Play It Forward fundraiser for the June conference, <http://bit.ly/NAALifeisGood> and discussed how suppliers could get involved.

Riverstone Residential's Terry Danner spoke to the National Supplier Council meeting about his company's "foray" into the single-family rental market. The company "Invitation Homes" began 11 months ago and currently owns (and Riverstone Residential manages) approximately 19,000 homes in many national markets such as Arizona, California, Chicago, Florida and Georgia. He says Invitation spends in the "high 100s" for the homes, on average, based on the market. He says Invitation has spent \$3.2 billion in partnership with Blackstone so far and is leasing 350 to 400 homes per week. "The plan is to have approximately 40,000 homes by the end of 2013," says Danner. "For investors, we don't know where this market is going. There is no predetermined exit strategy at this time. The value to investors comes from home appreciation [and selling them at a profit] and we've seen home prices going higher around the country.

# 2013 CAPITOL CONFERENCE SUMMARY

How much higher do single-home prices have to go? Will it get back to where we were a few years ago? It's hard to say." Danner says the key is turning the homes and doing it quickly. "Speed trumps beauty in this market," says Danner. "If it sounds confusing, it is, because the market is evolving and changing rapidly." Danner says opportunities might be created for national partnerships with suppliers, but right now, it's difficult because "the product is so different from house to house." He said Invitation lists the vacancies locally, online and through Realtors. "A lot of the traffic comes from drive-by," Danner says.

During new business, the NSC members discussed an idea to promote the June conference and the result was this video. <http://bit.ly/NAAHarlemShake>

## NOMINATING COMMITTEE

Chair – Jerry Wilkinson  
The Wilkinson Group

The Nominating Committee discussed having a definitive deadline for all officer nominations going forward. It was agreed (and the NAA Board approved) the following:

- Approved amending the NAA Policies & Procedures stating that the Call for Nominations for NAA Officer positions be due by July 31st and that the Assembly of Delegates will be notified of nominees for officer positions no later than August 31st each year.
- Removed annual meeting and insert Assembly of Delegates Meeting for clarification in the Policies & Procedures.
- Removed from Policies & Procedures the reference to 15 days prior as no applications will be accepted after July 31st.

The NAA Policies & Procedures will now reflect the following:

*In order to be nominated for Chairman-Elect, an individual must have served on the Board of Directors for at least two (2) years and shall have served as a Regional Vice President or National Committee Chairperson of the Legislative Committee, Education Conference Committee, Budget & Finance Committee, Membership Committee or Independent Rentals Owners Committee. Nominations must be received by July 31st of each year for all available officer positions. Delegates will be notified of nominees no later than August 31st of each year.*

*The Chairman-Elect automatically becomes Chairman of the Board the following year. No nominations will be accepted for Chairman of the Board.*

*The Nominating Committee will report to the Board of Directors and the Assembly of Delegates the slate of officers to be submitted for election at least thirty (30) days prior to the Assembly of Delegates meeting. No nominations will be accepted from the floor.*

## PRIVATIZED MILITARY HOUSING COMMITTEE

Chair - Sam Merrick  
Lincoln Military Housing

Committee member Vicki Sharp gave a report on the military career fair scheduled during this year's NAA Education Conference. The conference is meant to be targeted outreach and not an open career fair. The job fair is geared towards veterans, military spouses, and transitioning military members who are interested in careers in the multifamily industry, including suppliers. The cost is \$1,000 per booth. The proceeds will be donated to two charities the Military Family YMCA and an organization called Reboot that specializes in training transitioning military, helping them learn how their military specialties translate to job skills in the civilian world. The goal is to have 100 job offers at the career fair.

# **2013 CAPITOL CONFERENCE SUMMARY**

Committee member Brunetta Harris gave an update on the military housing education sessions scheduled for the June conference. There will be three sessions for the military housing education track. Brunetta continues to work with the NAA meetings department as travel restrictions for federal employees have created challenges in securing speakers for the sessions.

Committee members discussed at length possible issue topics for the Military Housing Roundtable. The group narrowed down the list of submissions from committee members sent prior to the meeting to a list of 8 topics to discuss with the representatives from the branches of service.

At the end of the meeting, the committee had a discussion on data breach as this issue has become a hot topic in the news. The Department of Defense is subject to thousands of cyber attacks per year. One news outlet suggested that hackers gain access through the many contractors working with DoD. NAA and NMHC will work with the committee and continue to monitor this issue as it pertains to the larger issue of data breach. Proposals on data security continue to arise at the federal and state levels.

## **PRIVATIZED MILITARY ROUNDTABLE 3-12-2013**

This year marks the seventh Privatized Military Housing Roundtable held by NAA. The purpose of this discussion is to have an open dialogue between the privatized military housing providers and the leaders of the various branches of service on mutual challenges and opportunities to improve the privatized housing program. This year we had representatives from the Office of the Secretary of Defense, the United States Navy, Army, Marine Corps and Air Force.

Joseph K. Sikes, Director for Housing and Competitive Sourcing for the Office of the Deputy Under Secretary of Defense for Installations and Environment, kicked off the meeting. Each branch of service in attendance gave a presentation. They updated the group on their priorities and addressed budgetary concerns, including possible effects of the sequester.

The committee had an open discussion with the branches on issues affecting the industry, including the effect of rising energy costs on BAH, reporting requirements mandated by the National Defense Authorization Act in 2013, support costs for fire, police and utilities in light of reduced installation budgets, amenities fees, and the effect of the Defense of Marriage Act on housing allowances for same-sex couples.

## **STUDENT HOUSING COMMITTEE**

Chair - Miles Orth  
Campus Apartments Inc.  
Vice Chair - Dan Oltersdorf  
Campus Advantage

The Student Housing Committee met Wednesday, February 27 immediately following the 2013 NAA Student Housing Conference in Las Vegas February, 25-27 at the Aria Resort. This year's show was a big success with a record number of exhibitors and sponsors.

Highlights included, Keynote Speaker, Michael Wood from TRU, discussing millennial trends and habits; the COO General Session with leaders from top companies in the industry as well as a panel of students discussing the results of a qualitative research study of students called the Millennial Immersion Project. The committee discussed goals and plans for 2013/2014 which will feature not only planning another successful conference, but also working with NAAEI on a potential Student Housing designation.

# 2013 CAPITOL CONFERENCE SUMMARY

## STATE AND LOCAL POLICY OUTLOOK MARCH 2013

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In January of this year, NAA Government Affairs surveyed Association Executives and their Government Affairs staffs about their current state and local legislative priorities. Specifically, they were asked on what issues they would work proactively and what issues they anticipated arising in their state and local governments. Through the responses, we see common priorities of concern for affiliates across the country. Those common priorities are presented below, organized by issue area and summarized by the lead State and Local Government Affairs staff person in that issue area.<sup>1</sup> This is not an exhaustive list of issues that are being addressed by NAA affiliates. NAA Government Affairs will continue to survey affiliates throughout the year regarding legislative issues. The results of those follow up surveys will be published in a midyear and end-of-the-year report on state and local legislative issues. For more information on any of these issues, please contact the staff person listed.

**Building Codes, Fire/Life Safety Codes, Green Buildings, Sustainability/Environment, Submetering**

**Alison Berry**

[alison@naahq.org](mailto:alison@naahq.org)

Water issues from billing methodologies to conservation plans are on several affiliates' agendas. The authority to submeter – individual billing by unit – remains a desired outcome in several southern states. NAA has two pieces of model legislation addressing submetering, one specific to water and the other for all utilities. Funding mechanisms to support water conservation plans will be discussed in the more drought-stricken states. Local affiliates are also pursuing legislation to ensure fair water rates for residents of multifamily housing compared to single-family homeowners.

Green and environmental priorities are also a major concern nationwide. In particular, energy benchmarking and labeling for multifamily buildings has gained a higher profile in some urban areas, especially on the Eastern Seaboard. Many advocates of benchmarking seek to apply “one-size-fits-all” approaches for energy conservation and building efficiency that set unrealistic and prohibitively expensive goals for multifamily rental owners. One major city is pushing for buildings to be labeled with both an operational rating – the actual building energy usage – and an asset rating – the efficiency of the building envelope compared to similar buildings in the area. Building labeling programs such as this (incorporating both operational and asset rating systems) are common in the European Union but are still relatively new to the United States.

NAA has a number of memos and reports that offer additional detail on such proposals. A comparative analysis of the most high profile of these programs is presently under development. On a smaller scale, localities from the West Coast to the East Coast are facing mandatory recycling programs and duplicative lead paint regulations.

Another issue area that is a high priority for many affiliates is the form in which the 2012 I-codes from the International Code Council (ICC) are adopted by local municipalities. These include green and energy codes such as the International Green Construction Code (IgCC), the International Energy Conservation Code (IECC) and the International Fire Code (IFC). State-level code preemptions are also being discussed in at least two states.

NAA has Code Advocacy toolkits, including sample amendments and highlights of key provisions, for both the IgCC and the IECC available on its website. The IgCC is a newer code that acts as an overlay to existing codes such as the International Building Code (IBC).

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<sup>1</sup> The information contained in this document is current as of March 1, 2013. Information was compiled through an affiliate survey undertaken in January 2013, affiliate government affairs newsletters, bill tracking systems, and other resources.

# **2013 CAPITOL CONFERENCE SUMMARY**

As adopted by the ICC, the IgCC has a provision granting that buildings may use the National Green Building Standard, which is designed with multifamily housing in mind, as an alternative path to compliance. Some localities are removing that alternative as they adopt the IgCC.

Further building code tracking documents relevant to the 2015 codes under development are also available on NAA's website. Under the direction of the Building Code Working Group, NAA continues to engage with affiliates and members on other code concerns including carbon monoxide detector retrofit mandates and the International Property Management Code (IPMC).

## **Inspections, Licensing, Development, Budget/Taxes/Fees**

**Carly Simpson**

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Rental registration and inspections programs continue to be at the forefront of affiliates' agendas in 2013. Affiliates continue to show their presence in state capitols by working to have legislation introduced on their behalf, including a measure in one state that would impose temporary moratoriums on certain local government mandates. The moratoriums include: 1) the requirement that property owners obtain a license or permit to lease a rental unit; 2) the requirement that property owners enroll in a class or government program as a condition for leasing rental property; and 3) the imposition of fees or other assessment for inspection of a rental unit, or for any purpose other than a fee relating to rental unit construction. On the opposite end of the spectrum, state affiliates are opposing legislation that would require localities to inspect balconies to determine whether the balconies meet certain building code requirements.

At the local level, many municipalities are currently studying rental registration and inspections programs to determine if they should be implemented in their area. The professed intent of these programs is generally to eliminate blight and protect public safety. However, the true objective of mandatory rental housing inspections is sometimes simply to raise revenue. NAA has model legislation and sample talking points, local state statutes and local ordinances available for affiliates' use in combating these proposals.

Taxes and fees are another concern of the affiliates surveyed. Split roll taxation, property tax assessments and property tax appraisal reforms are all being addressed in several states. The multifamily housing industry pays more in property taxes than single-family homeowners and any increase adversely affects apartment residents. Proposals that affiliates are opposing include legislation in one state that would raise the property tax valuation cap from three percent to five percent. If successfully enacted, this could substantially increase the property taxes for the multifamily housing industry in that state. Proposals that affiliates are supporting include legislation that would make it more difficult for appraisal districts to raise the property valuations the year after a successful challenge.

Property tax assessment appeals reforms are also being addressed in a few states. Legislation addressing this in one state (introduced at an NAA affiliate's request) passed this year and is currently awaiting the Governor's signature. The legislation: 1) sets stricter requirements for professionals serving on the Board of Equalization; 2) ensures that all income and expense information related to a property, as well as market sales data pertinent to the year of value can be used by a community owner as evidence in an appeal; and 3) requires that before the Board of Equalization increases an assessment on properties, the increase must be recommended by the assessor, after a third-party appraisal is performed to validate any increase.

Affiliates also remain vigilant about implementation of any new fees or increases in existing fees. Impact fees are expected to be discussed in several localities this year. Eliminating or reducing impact fees can increase development and create jobs. In 2011, the apartment industry spent \$14.8 billion on multifamily construction, generating a total contribution of \$42.5 billion to the national economy. Additionally, apartment construction spending spurred \$12.7 billion in personal earnings and supported just under 324,000 jobs.<sup>2</sup> Affiliates also are concerned about development fee increases and fire inspection fee increases.

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<sup>2</sup> Fuller, Stephen. *The Trillion Dollar Apartment Industry*. National Apartment Association and National Multi Housing Council. 2013.

# **2013 CAPITOL CONFERENCE SUMMARY**

NAA has a 50-state summary of statutory requirements for impact fees, late fees, referral fees and non-refundable fees on our website.

## **Landlord/Tenant, Property Operations, Fair Housing**

**Nicole Upano**

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In 2013, affiliates are contending with early lease termination and abandoned property proposals at the state level. In absence of Congressional action on reauthorization of the Violence Against Women Act until very recently (Congress passed a reauthorization February 28), states took the lead and are considering early termination protections for domestic violence victims. Affiliates also report early termination proposals that extend protections beyond domestic violence victims. These proposals extend early termination to peace officers, including police, corrections and parole officers, who can show support that they have been threatened, residents with terminal or mental illness, and senior citizens who need placement in assisted living facilities or in the care of a family member. Several affiliates are working on abandoned property legislation to limit the time required for storage of a resident's abandoned personal property and determine who bears associated costs. NAA has 50-state charts on statutory requirements for early lease termination for domestic violence victims and abandoned property.

Currently, NAA is working with the Uniform Law Commission's drafting committee to revise the Uniform Residential Landlord Tenant Act (URLTA). The URLTA, codified in 21 states, has not been updated since 1972. The drafting committee is working to incorporate many of the statutory developments that have arisen since its inception, including some of the issues mentioned above.

In addition to landlord/tenant issues, affiliates are dealing with a proposal in one state that would enact just cause eviction and rent control. NAA worked with affiliates to voice opposition to the bill. Specifically, the proposal would prohibit a property owner from increasing the rent of an occupied unit in an amount that exceeds five percent of the base rent. It also requires owners to show just cause to evict residents and bars the owner from requiring the resident to have rental insurance in which the owner is a beneficiary.

Bed bugs remain a priority issue for state and local affiliates. Several affiliates reported that they are currently working with policymakers to draft legislation this session. In a proposed bill in one locality, a property owner must "provide pest control services by a pest management professional as many times as necessary to totally eliminate the bed bug infestation within the building or portion thereof." The bill also stipulates that "treatment of the two dwelling units on either side of the affected dwelling unit and the two units directly above and below the affected dwelling unit...shall be continued until no further infestation is detected," regardless of a pest control professional's assessment.

Fair housing proposals remain a top-level issue for NAA affiliates. These proposals are often driven by one staunch advocate. In one state, a movement to make individuals with arrest and criminal records a protected class has died down as the issue's strongest proponent left the legislature. However, at least two affiliates reported that they are working to defeat proposals that restrict a property owner's ability to consider arrest and criminal records in resident and employee screening. In concert with NAA's Ex-Offender Protections Working Group, staff is developing a toolkit, including an almanac, a review of current and pending state and local laws and model legislation that affiliates may utilize should the issue arise in their state or locality.

Proposals to make source of income a protected class have been introduced this session as well. NAA also developed 50-state charts addressing protected class statutory requirements generally and charts specifically on source of income and victims of domestic violence. A local affiliate reports that a previously enacted lead-based paint bill has created fair housing implications for owners and managers. The law, passed by the legislature in 2012, requires a property to obtain certification as "lead free" or "lead safe" prior to leasing to families with children six years of age and below. Compliance issues have arisen as the state's Human Relations Act specifically prohibits any inquiry into familial status at any point in the leasing process.

# **2013 CAPITOL CONFERENCE SUMMARY**

## **UPDATE: NAA'S DISASTER RESPONSE AND EMERGENCY MANAGEMENT INITIATIVE**

### ***Project Genesis:***

Superstorm Sandy, a powerful tropical storm that devastated portions of the Caribbean, the Mid-Atlantic and Northeastern United States during late October 2012, with lesser impacts in the Southeastern and Midwestern states and Eastern Canada, affected a total of 24 U.S. states and destroyed thousands of residences.

The National Hurricane Center ranks Hurricane Sandy the second-costliest U.S. Hurricane since 1900 in constant 2010 dollars. Preliminary estimates assess damage at nearly \$75 billion. By comparison, Hurricane Katrina, which battered the Gulf Coast States in 2005, caused \$105 billion in damage.

The National Hurricane Center report also states that the number of future hurricanes will “either decrease or remain essentially unchanged” overall, but the ones that do form will likely be stronger, with fiercer winds and heavier ranges.

With this in mind, NAA staff embarked on a disaster response and emergency management initiative with the end goal being the creation of a system to aid those displaced by disaster, specifically by supporting the efforts of federal and non-profit relief organizations as they connect those needing housing with vacant rental residences.

### ***Project Commencement:***

Beginning in late 2012, stakeholders from NAA professional staff met to conceive of a plan for information collection and dissemination; to aid the coordination of multifamily housing owners and operators with federal and non-profit emergency management agencies; and to create a webpage off of NAA's site as a means to communicate important information, including but not limited to: Aiding in connecting displaced Americans with vacant apartment homes; ways to donate to American Red Cross and other relief agencies; twitter and news feeds; and links to NAA's emergency/disaster knowledge center.

### ***Project Update:***

To address the “Black Swan Event” nature of emergency planning (that is, to plan for a disaster without knowing where and when it will hit and what sort of disaster it will be), NAA has created a Standard Operating Procedure for use in emergency response. Three separate communication plans were developed and are to be employed based on emergency type, as well as nature of the disaster. For example, earthquakes are zero-notice events in most cases; there is typically some foreknowledge of events like hurricanes.

NAA has identified government agencies and relief organizations, such as FEMA and American Red Cross, to partner with and explore ways to establish mutually beneficial relationships. Partnering with these organizations continues to be viewed as the crux of the project.

### ***FEMA Update:***

NAA met with NHMC and FEMA's direct assistance division via conference call on February 22 to begin this process.

Where it concerns this initiative, FEMA desires to explore methods of assisting survivors locate rental resources and provide financial rental assistance following disaster. They seek to better understand online vacancy aggregation as well as expedite aid delivery. They want to know what the government's role should be in connecting the displaced with rental housing, and how they can support the multifamily marketplace. A follow-up call is scheduled for March 22.

# **2013 CAPITOL CONFERENCE SUMMARY**

## ***American Red Cross Update:***

Following NAA's donation of \$50,000 to the American Red Cross (ARC) on November 22, preliminary contact between the two groups was established and an initial meeting likely will take place during the week of March 18. NAA, as part of its emergency management website, seeks to coordinate donations for ARC, including the locating of a "donate now" button on its emergency site, as well as provide information to ARC with regard to drop off locations for food, clothing and the like; also assisting with the location of temporary housing for local relief workers.

## ***Project Next Steps:***

In addition to coordinating with federal and nonprofit relief agencies, work on an awareness campaign has commenced to be supplemented by marketing efforts as the website is developed.

One must consider that very little critical thinking is possible during a disaster; as such, NAA seeks to educate affiliates and members about the site in advance of the next major disaster.