



2008 A YEAR IN REVIEW

“With expert staff in DC, Richmond and Annapolis, AOBA has maximized resources to cover all the bases effectively during an exceptional year. With the added benefit of national advocacy and education initiatives from BOMA and NAA, what better value could you get for your dues dollars?”

– Mary Lynch, 2008 AOBA President and Vice President, Akridge.



Apartment and Office Building Association
of Metropolitan Washington

Top Wins Take Bite Out of Rising Costs

Now that cash-starved state and local governments are seeking ways to raise revenues, AOBA's laser-focused attention to protecting members' bottom-line is more urgent than ever! These top wins across the region in 2008 demonstrate AOBA's effective use of member dues.

- Played major role in passage of DC Council legislation which retroactively **lowered formula for “vault rental fees” by one-third**, resulting in refunds to owners in 2009 and ensuring substantially reduced vault rental bills thereafter.
- Successfully lobbied Maryland's WSSC to **reduce a proposed 9.5% water rate increase to 8% percent** and, more importantly, to **drop a proposed “infrastructure renewal fee”** that was to be based on meter size and would have resulted in a quarterly charge of \$4,800 or more for a typical multifamily/commercial property.
- Working with a broad-based business coalition and against long odds, defeated proposed amendment to Virginia's Constitution allowing **localities to exempt up to 20% of the value of “owner-occupied” residential property from property taxes**, which would have resulted in pressure to increase taxes on office buildings and apartment communities.

DC: Noise Control, Stormwater Fees, Submetering and More

Beyond this year's headlines on school reform and election year politics, DC Council and key agencies were engaged in maneuvers to raise revenues and tighten regulation. Thanks to AOBA's daily analysis and assertive advocacy work, property owners in DC saw numerous benefits from AOBA membership.

Obtained passage of legislation requiring that **District assessors base multifamily property values on actual use and expenses**, specifically considering such factors as government-imposed restrictions on rental income, historic operating expenses, and costs to cure adverse conditions.

Continued to **aggressively lobby for effective noise control regulations** that

will minimize disruptions to business while still respecting free speech, and **successfully lobbied for legislation requiring that street vendors** possess all required business licenses and permits and operate only in legal vending locations. Instrumental in Council **adoption of "Small Business Commercial Property Tax Relief Act,"** which provides that first \$3 million of assessed value for commercial properties will be assessed at significantly lower tax rate (\$.91 per \$100 of assessed value, rather than \$1.85).

Persuaded Council to delay vote and hold public hearing on **proposed adoption of new building codes** because of concerns over issues from fire and life safety to energy efficiency and elevator retrofit requirements.

Successfully obtained amendments to DC utility law to **legalize energy utility submetering in commercial buildings**, and make DC Government more accountable for millions of dollars

collected from ratepayers to support sustainable energy initiatives.

Maintained **vigilant eye on DC Water and Sewer Authority and Dept. of Environment as both move toward adopting new stormwater fees** based on a property's impervious surface area; **aggressively advocated for credits system** to reduce charges where property has implemented stormwater runoff mitigation measures.



Nicola Whiteman, AOBA, (left) with DC Councilmember Muriel Bowser

Maryland: Parking and Concession Fees, Taxes and Evictions

In the government relations realm, it's often what's NOT passed that makes the most significant difference. With the extensive expertise of our Annapolis-based staff, AOBA managed to nix many unwanted and expensive government initiatives at both the state and county level.

Defeated two General Assembly bills making it illegal for a housing provider to **evict a tenant in the absence of "just cause"**—which was so narrowly defined by the bills that the rights of property owners would have been severely impaired.

Persuaded Montgomery County Council-member **not to introduce bill assessing an annual \$250 per space parking excise tax** on all spaces used for employee parking.

Defeated legislation that enabled counties to **create specific classes of property** subject to real and personal property taxation, which could have resulted in counties disproportionately shifting tax burdens to commercial and multifamily property.

Defeated a statewide housing effort that would make it unlawful to base a decision to sell or rent a dwelling on a person's "source of income."

Worked with Montgomery County to **amend County policy regarding the use of concession fees in rental**

leases; successful negotiations resulted in County agreeing to discontinue all enforcement efforts regarding the use of concession fees before Dec. 1, 2008.



MD VP-Government Affairs Lesa Hoover in AOBA's Annapolis Office

Industry Awards and Special Events Raise the Bar

In many ways, 2008 was about rewarding outstanding achievement and making connections with AOBA colleagues.

From the prestigious Sidney Glassman Award and the Outstanding Leadership Awards to the TOBY program, Golf Tournament and Holiday Celebration, AOBA's high-quality events brought members closer together professionally and personally.

Sincere thanks to our many generous sponsors who helped us raise the bar with this year's events!



Recognizing outstanding achievement at the TOBY program

Virginia: Mandated Retrofits, Building Codes and Tax Hikes

Once again in 2008, having a full-time advocate in Richmond during the legislative session, and the ability to strategically deploy staff year-round throughout Northern Virginia, was absolutely critical to AOBA's work. By staving off ill-advised legislative and regulatory proposals, AOBA helped members increase their ROI.

Successfully opposed legislation **mandating retrofitting of automatic sprinkler systems** in all existing high-rise residential buildings throughout the Commonwealth.

Had protective language inserted in Virginia's biennial budget to prohibit localities from **hiking the tax rate on commercial buildings but then using the funds for overhead**, rather than for new transportation projects as General Assembly intended.

Suppressed legislative measure to prohibit **consideration of "source of income" in real estate transactions**, which would have effectively mandated

participation in government-assisted housing programs.

Aggressively represented members' interests in Virginia's **building code review cycle**, helping defeat proposals to require the use of noncombustible materials in certain construction and require the use of costly fire suppression technology.

Vigorously **fought to minimize increases in real estate tax rates** in Northern Virginia jurisdictions that face fiscal pressures from slowing economy and declining property values.

Defeated attempt by City of Fairfax to have General Assembly repeal statutory prohibition on adopting **blanket, jurisdiction-wide rental inspection programs**.



Brian Gordon, AOBA, with VA Secretary of Commerce and Trade Patrick Gottshalk

Community Outreach Programs Give Back to Local Students

Enhancing our community is an integral part of AOBA's mission. In 2008, AOBA's giving focused on helping young people across the metro area. Highlights include:



Volunteers and students at Duckworth's "Special Olympics Challenge Day"

Support for Students at Duckworth School: Raised \$7,000 to purchase a "Tango" communication device for use by disabled students at the Prince George's County school. Throughout the year, hardworking AOBA volunteers, guided by the ACT Committee, devoted time, energy and financial resources to this award-winning school.

Funding for Higher Education: Sponsored annual Scholarship Program for Prince George's County high school students. Scholarship recipients for 2008 were honored at an October ceremony. These eight outstanding high school grads received up to \$6,000 in paid tuition to Prince George's Community College.

Equipping DC Kids for Learning: Helped students in Washington, DC's Wards 2 and 6 focus on learning by equipping them with new backpacks and calculators. In Ward 2, AOBA assisted 20 students in need of backpacks during the first week of school. Across the city, in Ward 6, AOBA members contributed over \$6,000 to purchase 60 graphic calculators for seventh graders at Eliot/Hine Middle School.

Utility Rate Settlements Bring Powerful Savings

Navigating through the highly regulated energy distribution market is beyond complex. That's why AOBA members are fortunate to have a full-time legal expert working every day to keep members' utility costs from rising through the roof. During 2008, AOBA saved members hundreds of thousands of dollars in each of the following rate cases.

PEPCO's \$55.5 million distribution rate increase in DC was reduced to \$28.2 million! Pepco's 22% increase for large commercial customers was reduced to 12.3%, and a 45% increase in distribution rates for master-metered

apartment buildings was reduced to 13.3%. These rates were effective February, 2008.

Maryland Public Service Commission denied further increases in PEPCO's distribution rates, at AOBA's urging. And thanks to AOBA, these same rates increased only minimally (between 0.5% and 2.5%) for commercial customers in 2007.

VA Power's proposed fuel factor increase was reduced significantly. Yes, Virginia, there is a Santa. Dominion Virginia Power originally requested a \$1.3 billion fuel rate increase -- a 90% increase in fuel rates... Commercial customers would have seen their total annual electric bills rise between 20% and 44%. Fortunately, AOBA

was successful in urging the State Corporation Commission to adopt an agreement that allowed 16% to 36% increases (way better than the alternative) effective July 1, 2008.

Natural Gas: Lowering the Heat on Members. In the District, AOBA settled Washington Gas' proposed \$20 million rate increase request for \$1.4 million. Amazing, but true. This ENORMOUS savings resulted in only minimal increases granted to most commercial, group metered apartment and Interruptible customers.

Also, due solely to AOBA's efforts, Interruptible service distribution charges were fixed at 15 to 17 cents per therm rather than at Washington Gas' fluctuating, higher prices.

AOBA Alliance Negotiates Lower Electric and Natural Gas Rates

In the world of unregulated energy markets, knowing the best time to purchase is critical. That's where AOBA's subsidiary, AOBA Alliance, Inc., comes in.

In its ongoing work to provide participants with energy market analysis and significant savings in energy costs, the Alliance was able to identify an opportune time for participants to extend their energy contracts into 2013, achieving favorable rates and enabling appropriate budgeting. Approximately 50% of AOBA Alliance participants chose to extend their contracts in response to this special opportunity!

Also during 2008, AOBA Alliance increased the number of natural gas service participants; currently, the Alliance represents approximately 2,000 commercial natural gas service accounts in DC, Maryland and Virginia.

Helping Members Go Green

Recognizing members' critical need to contain energy costs and reduce environmental impacts, AOBA undertook several new green initiatives. Highlights include:

Launched an Energy Managers Roundtable: Brought together executives responsible for energy management and conservation. More than 65 members of the peer-group forum now share best practices and discuss common issues and concerns.

Hosted "Greening Existing Buildings" Conference: Attracting a sold-out crowd of 250, including 25 firms who participated in a Green Resource Center. The Conference featured national and local green experts, along with reps from the EPA and U.S. Green Building Council.

Developed Going Green section of aoba-metro.org: The site now summarizes relevant environmental laws, regulations and incentives. Members will also find case studies, links and handy-to-reproduce Green Tips for residents and tenants.

Educational Programs Meet Members' Needs

Nearly 1,000 members took the opportunity in 2008 to attend educational seminars, attain local continuing education credits, and gain national industry designations offered by NAA and BOMA (and available only through AOBA.)

This year, AOBA's education calendar was expanded to include a Greening Existing Buildings Conference – which drew 225 members, and a new, comprehensive Foundations of Real Estate Management class - which was well received by the 40 students who participated.



Foundations of Real Estate Management class