

Washington Update

December 2016

Apartment Industry Advocates,

Mark your calendars and make your travel arrangements for the 2017 NAA Capitol Conference and Lobby Day which will take place March 7 and 8 in Washington, D.C. The Capitol Conference will start after lunch on March 7 with an issues orientation and advocacy training session. We will train you to be an effective advocate for the apartment industry through this high-impact programming, including a presentation by presidential historian and Pulitzer Prize-winning author Doris Kearns Goodwin, our keynote speaker.

Both the House and Senate will be in session on Lobby Day giving everyone an opportunity to connect with their members of Congress. Remember, NAA's goal is to reach all 535 Congressional offices – that's 435 Representatives and 100 Senators. There are also more than 50 new members in the 115th Congress making this Lobby Day especially important.

In 2016 NAA focused on three issues during the Capitol Conference – mitigating “drive-by” Americans with Disabilities Act (ADA) lawsuits, streamlining the Section 8 Housing Choice Voucher program and opening up more private sector options for flood insurance. We scored a victory on Section 8 vouchers with passage of the Housing Opportunity through Modernization Act that eliminated much of the bureaucracy around the inspections process.

We were not as successful on the other two issues though our preferred legislation on those topics advanced a great way towards passage. The issues remain critical today so we are reprising our focus on ADA lawsuits and flood insurance at the 2017 Capitol Conference and Lobby Day. The effort on flood insurance has added importance this year as the National Flood Insurance Program (NFIP) will expire in September. Without the NFIP apartment owners and operators would have few, cost-prohibitive options for flood insurance. This program must be extended and improved.

Added to the list of issues for the 2017 Capitol Conference is tax reform. Back when we all thought Hilary Clinton would be the next President of the United States, the odds of tax reform actually happening were low. There was simply too wide of a gulf between Secretary Clinton and the GOP. Those odds are now flipped on their head.

Reform of the tax code was a hot topic during the campaign and President-elect Trump's team has stated it is a “200-day” priority after the repeal and/or replacement of the Affordable Care Act. Meanwhile, House Republicans have crafted a proposal they call a “blueprint” for tax reform which suggests some fairly radical changes to the code, including areas impacting real estate. Their goals are generally the same or similar to those of the President-elect but it's the details that matter. That will be the first level of negotiation.

A critical decision the majority powers must make is what kind of bill they want to pass – the preferred Republican package or a negotiated bill that includes Democratic priorities. Recently, the concept of durability has come up a lot in this context. Specifically, according to advisors close the President-elect, Congress should take a bipartisan approach to tax reform (like was done in 1986) so that whatever bill is passed survives beyond the GOP majority. The obvious

comparison is to the Affordable Care Act – a bill passed on party lines without a single GOP vote that now is almost certain to be repealed or significantly weakened. The President-elect wants a legacy which demands a bipartisan approach.

No matter what route tax reform takes, the apartment industry will have to be involved. Anyone who was in the industry when the Tax Act of 1986 was passed will remember how significant – positive and negative – this legislation was for commercial real estate. This new round of reform is shaping up to be potentially as significant with a lot of specific implications for our industry. Literally everyone who develops, owns or manages apartments or who works for a company that does will be impacted by tax reform. As such, everyone needs to be involved. The table is being set and it's up to you if you want to be a guest or a main course.

Your lives are very busy and it can be extremely challenging to cram one more task onto an already overflowing list. The good news is that NAA now makes it easy to do your part for the industry. Our new Advocacy365 App puts Congress in the palm of your hand. It's your year-round indispensable tool that's packed with resources to keep your finger on the legislative pulse of the apartment industry. The app's key elements include talking points and fact sheets on the issues, the ability to directly communicate with your legislators, Congressional directories, year-round mobile action alerts sent directly to you and much more. Download the app now and take apartment advocacy with you wherever you go.

Great advocacy means carrying the message to your elected officials all year long. But, the NAA Capitol Conference and Lobby Day is the once-a-year opportunity for our advocates in Washington, D.C., to show the Congress the power of the industry. Go to the NAA website to register and talk with your local affiliated association about being part of the effort. I know you care about the future of your industry, your business and your bottom line and want to be part of our effort to make the voice of the apartment industry heard.

Thanks for reading. Talk to you next month.

Regards,

Greg