



AANC

Apartment Association
of North Carolina

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of North Carolina**

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AANC Officers

President:
Tim Hose

Treasurer:
Kellie Falk

Secretary/President-Elect:
Jody Longwill

Lobbyist:
Colleen Kochanek

Executive Director:
Ken Szymanski

**AANC Mission
Statement**

The Apartment Association of North Carolina is a statewide organization comprised of local apartment associations to promote safe, affordable housing through participation in the legislative process, and through communication to and education of its members, public officials and the general public.

AANC NEWS

June 2014

AANC's 2014 Education & Legislative Conference

Fun Facts:

2 days

300 attendees

16 speakers

90 meetings
with legislators

\$5K
raised for the
AANC PAC

27 sponsors



Look inside for more conference highlights!



AANC's 2014 Education & Legislative Conference

This year, AANC vastly expanded this annual program to include seven different educational workshops! The two-day conference also featured keynote speaker James Johnson, an issues briefing session, a legislative reception and awards event, networking time with vendors, and visits with nearly 100 North Carolina State Legislators. Record-breaking attendance included over 300 participants! If you are an apartment industry professional in North Carolina and have never attended the annual AANC Conference, consider doing so in 2015; the program gets better and better every year! *2014 Conference photo highlights follow...*



Congratulations to AANC's 2014 Leadership Lyceum Class:

Maria Barker, Phillips Management Company, PTAA
Latoya Patterson, Ginkgo Residential, TAA
Lynn Ramsey, Weinstein Properties, Presidential Appointee
Angela Raupp, Caviness and Cates Property Mgmt., CCAA
Teresa Sandman, Ginkgo Residential, GCAA
Kym Shoults, Riverstone Residential Group, CCAA
Cliff Webster, Jr., Greystar, TAA
Thomas White, Certus Properties, PTAA



Congratulations to Larry Cranford Memorial Scholarship winner **Kelly Meldau** with Burkely Communities, LLC. Kelly manages multiple properties in the Greensboro area where she also teaches and volunteers at the PTAA. The scholarship will enable Kelly to take the NAAEI's CAM (Certified Apartment Manager) Professional Designation course.



Charter Properties' developer John Porter (on right) presents Raleigh architect **John Hitch** with an AANC award for his fine seventeen years of service on the North Carolina Building Code Council. Mr. Hitch, who works with Smith Sিনnett Architecture, served as the Vice-Chair of the NCBCB for twelve of those seventeen years.



Quite a Conference Crowd at the Raleigh Marriott City Center



Dr. James Johnson



Josie Eatmon & Meg Pisczek



Dr. Andrew Brod



Break time with sponsors

AANC's 2014 Education & Legislative Conference

Visits with NC Legislators...



with Representative Carney



with Representative Hardister



with Senator Brock



with Representative Jeter



with Senator Barefoot

...and the Legislative Reception at the Nature Center



Above: Past AANC President John Porter, AANC Legislative Counsel Colleen Kochanek, and current AANC President Tim Hose



Thanks again to our generous Conference Sponsors:

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SILVER	American Utility Management • Apartment Lists	GOLD
	Appliance Warehouse, Inc. • Core Realty Holdings	
	Environmental Design Landscape • eSupply Systems	
	HD Supply • IREM NC Chapter #56	
	LeaseHawk • Paragon Services Group	

AANC Elects New Officers

The AANC Board of Directors recently elected a slate of Officers. These Officers will begin serving 2-year terms beginning on September 1, 2014 and running through August 31, 2016. Please congratulate and thank each new Officer for their commitment and leadership:

President: Jody Longwill, Burkely Communities, Greensboro

Vice President: Kellie Falk, Drucker & Falk, Raleigh

Treasurer: Teresa Sandman, Ginkgo Residential, Charlotte

Secretary: Mary Gwyn, Apartment Dynamics, High Point

Apartment Issues Before the N.C. Building Code Council

Reinstating Exception 3 to Sprinkler Monitoring.

AANC petitioned the Building Code Council, seeking reinstatement of exception #3 for apartment developments to have a duty to provide "supervisory service" and centrally-monitor fire sprinkler systems off-site in Section 901.6.1 of the NC Building Code. Adding this proposed language change as an exception: *A group R-2 building of 4-stories or less in height sprinklered in accordance with NFPA 13R where sprinklers are provided for porches, balconies, corridors and stairs that are open and attached and installed in accordance with Section 903.4.* The DOI staff and the NC Fire Services both approached us at the hearing to say that they supported our Petition, including the additional coverage being extended to 4-story buildings. One county inspector spoke against the petition, saying that the inclusion of 4-story buildings is a substantive change. Dan Tingen of Raleigh, the NCBCC Chair, asked DOI staff if the modified language by us rose to the level of warranting a new public hearing process, and he opined, "No". Importantly, the Fire Committee chair Alan Perdue of Greensboro did not speak against us. ***Our petition will be considered by the full NCBCC for Final Adoption on June 10th.*** We are optimistic that we will prevail with this Code Amendment.

Fixture calculations in Pool Deck areas.

AANC also petitioned the Council for relief related to the creation of more reasonable standards for bathroom fixture counts within residential apartment and condominium communities. AANC made arguments for a graduated mathematical approach, recognizing resident propensity to use their own dwelling unit fixtures, and the need to harmonize the DENR Division of Public Health Code with the NC Building and Plumbing Codes. Two county inspectors spoke in opposition, citing other R-2 property types, whether exclusive management control over a pool population would prevail, and if measurements included going upstairs. AANC has since written the Building and Plumbing Committee members to further explain our stance and effects of the proposed change. ***Again: Final Adoption is June 10th.*** We are hopeful that the AANC's interests will prevail in this matter.

New energy efficiency standards for residential water heaters

What the 2015 standards mean for apartment developers, design professionals, and owners

In less than a year, new water heater energy efficiency standards will be in effect, starting in April 2015. The U.S. Department of Energy (DOE) announced that the Department had finalized higher energy efficiency standards for residential water heaters, pool heaters and direct heating equipment such as gas fireplaces – which according to DOE will reduce air pollution, prevent the release of harmful nitrogen oxides and mercury, and avoid emissions equivalent to taking 46 million cars off the road for one year.

The new water heater energy efficiency standards that go into effect next April stem from NAECA III, the National Appliance Energy Conservation Act of 1987. The standards will affect how apartment developers and architects design the water heater/mechanical closet on multi-family buildings. Apartment design professionals are advised to go ahead and incorporate this change into their current projects.

The new energy factor on lowboy water heaters, which is the prototype with most design applications, will increase from .92 to .95. This has necessitated the water heater to increase in size. The standard 50 gallon lowboy has increased in diameter by 2 inches and the height has stayed the same. As a result, this causes the drain pan to increase to a size of 32". Municipal inspectors require the water heater to slide thru the door when it needs to be serviced or changed out. The drain pan will not fit thru the standard 28" door normally provided. The door will have to increase to a 34" or 36" door so personnel can slide the water heater out.

This change likely needs to be incorporated when future water heater change outs when they fail. Sources say that apartment professionals will not be able to purchase the current lowboy water heaters after the stock has run out. The **production** of the new size water heater went into effect April 15, 2014. Manufactures will not be permitted to manufacture non-compliant product after this date. The efficiency metric for residential water heaters is the energy factor (EF), which indicates a water heater's overall energy efficiency based on the amount of hot water produced per unit of fuel consumed over a typical day. The EF accounts for the following:

- **Recovery efficiency** - how efficiently the heat from the energy source is transferred to the water
- **Standby losses** - the percentage of heat loss per hour from the stored water compared to the heat content of the water (for water heaters with storage tanks)
- **Cycling losses** - the loss of heat as the water circulates through a water heater tank, and/or inlet and outlet pipes.

Two Really Important Housing Statistics – at least from my point-of-view

by Ken Szymanski, AANC Executive Director

I've been in and around the housing field for a long time, and I've seen mountains of housing statistics, data, quantitative analysis, etc. Research on things such as Supply and Demand Studies; Housing Needs Analysis; Vacancy Rates; Under Construction Tallies; Planned Starts; Demographic and Census information about household income, race, gender, age, disability, family status, national origin, and education levels; Housing Quality and Habitability; Public Subsidies; Correlation analysis that looks at the relationship between "housing variables"; Eviction Research; Homeless Populations; and many, many others. Often, all this data, while important, gets lost because it's just too voluminous and multi-faceted to really comprehend. The average person, in looking at reams of housing data, will often say, "That's all interesting, but what does it really mean?"

To me, there are two important housing statistics that are useful for everyone to comprehend, and both of them center around the relationship between housing cost and income. Further, they're interesting because of the long-standing and eternal public debate about housing needs and subsidy. To follow my train of thought, you need to understand the concept of "Median Income" : look at all households of the same number of persons and divide the households into two equal parts; the first half of households earns less than Median Income, and the other half earns more. For example, in urban North Carolina, the Median Income for a 4-person household is around \$65,000. Then, from the "Median" point, further calculations are made to group households into income categories, such as:

- 30% of Median Income is around \$20,000 per year
- 60% of Median Income is around \$40,000 per year

Here's my first Really Important Housing Statistic:

In looking at the range of households in urban North Carolina that earn between 30% and 60% of Median Income, those households are more likely to be housed in "Market-Rate" housing than in any form of public subsidy or tax-credit housing program by a factor of 20:1! This speaks to all the apartments built in the 1960's, 1970's and 1980's in our AANC cities that are within reach of folks that earn between \$20K and \$40K annually.

Now, in examining the group of households that earn less than 30% of Median Income annually, Market-Rate housing – even the lowest rent Market-Rate housing – is out of their reach. The problem is neither greedy landlords nor lazy consumers, but a gap between the fair costs of housing and the buying power of low wages. And it's for these households that most of the housing subsidy programs were created, both to narrow the gap between housing costs and consumer buying power, and to bolster the quality of the housing that serves these households. These subsidy programs are mostly HUD-financed, including Housing Authority properties and the Housing Choice Voucher (Section 8 Rent Subsidy) Program.

Which brings me to my second Really Important Housing Statistic:

In looking at households in urban North Carolina that earn less than 30% of Median Income, only about ¼ of them receive a housing subsidy – meaning about ¾ of them do not and are left fending for themselves. This is a tough spot to be in and means that tens of thousands of households in our AANC urban markets aren't well-served by the housing marketplace or the housing subsidy world. They're either "doubling-up", or paying high amounts of their income for shelter.

This is not to say that housing costs are too high, that wages are too low, or that more subsidy dollars need to be created. But it does underscore the plight of households earning less than 30% of Median Income. And this is something that needs to be better understood by everyone in urban North Carolina.

AANC Lease, Legal Handbook, Addenda: Powerful Tools for NC Apartment Operators

Most AANC-affiliate members – but not all - know about the *AANC Lease Agreement*, *AANC Legal Handbook*, and *AANC Lease Addenda*. They are all carefully crafted and valuable resources available exclusively to members of AANC-affiliated Apartment Associations in North Carolina. The *AANC Lease Agreement* is a popular (used by about 40% of apartment communities in the state, and growing in usage all the time) and exceptional product that is updated biannually by a top law firm to incorporate North Carolina law changes, evolving standards of practice in the apartment industry, and suggestions from owners and managers across the state. It's respected in NC courts, and is available in both electronic and printed formats, and in Spanish. The 400-page *AANC Legal Handbook* is a stand-alone resource for all aspects of NC Landlord/Tenant Law. Printed and electronic versions are available. You will find a wealth of useful information in the *AANC Legal Handbook* – the unabridged Landlord and Tenant Statute, eviction laws and practices, fair housing, real estate license law, apartment security, and environmental issues. It is apartment law boiled down for apartment practitioners in a practical, understandable, problem-solving format – covering most common as well as some uncommon occurrences at apartment communities. And, *Lease Addenda* have been widely expanded and tailored to multiple applications, including Reasonable Accommodations and Modifications, Pets, Student Housing, Social Media, Storage/Garage Unit, Parking, and many others. Remember that all of these AANC products are exclusive benefits of membership and are available from your local apartment association. Contact them today to fill your order.