



Annual Report

LOOKING BACK AS
WE MOVE FORWARD

2020





Thank You

As we reflect on this life-changing year, we are grateful for what remains the same: your continued support.

This report briefly highlights the work performed for members by members and staff in 2020.

On behalf of AOBAs Board of Directors and Staff, I wish you a Happy Holiday Season and a Healthy New Year.

Margaret "Peggy" Jeffers
Executive Vice President

What made 2020 at AOBAs stand out?



Utility Rate Case Legal Team Powered up to Litigate Six Cases

AOBAs team of lawyers and expert witnesses litigated an unprecedented number of utility rate proceedings before the DC and MD Public Service Commissions and the Virginia State Corporation Commission in 2020. For more than forty-five years, AOBAs has effectively represented members in utility rate cases. As these cases increase in frequency and complexity, the impact on NOI is greater than ever.



Another Successful Golf Tournament is in the Books!

Despite COVID-19 limitations, AOBAs Annual Golf Tournament was a huge success. This year's event drew more than 200 golfers to the greens. Thank you to our generous sponsors and amazing Golf Committee who worked hard to keep our golfers safe. We couldn't have done this without you!



Membership Retention Rate Remains Strong and Engagement is on the Rise!

During this time of social distancing, the AOBAs community has continued to grow, and our membership retention remains at "gold" standard. Through different strategies and engagement efforts, the Association gained an additional 58 members this year. Even better, member engagement in the legislative process soared to record levels.



Gaining Government Affairs & Communications Capacity

AOBAs expanded its advocacy & communications presence this year with the addition of Eric J. Jones as Vice President of Government Affairs, DC - Commercial and Cynthia Alfaro as Communications Manager. Eric focuses on the office building market in the District, and Cynthia manages AOBAs internal and external communications activities.

During 2020, more than 1700 pieces of legislation were introduced, of which more than 60 were tracked by the Government Affairs (GA) team. In addition, the staff and members took part in more than 40 meetings with government officials, and actively served on at least 8 boards and commissions. AOBA led Business Community efforts on multiple legislative fronts. We will continue to press for amendments to emergency legislation enacted this year. Below are some of the legislative and regulatory highlights:

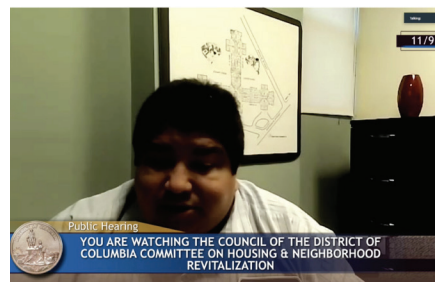
Construction Codes Coordinating Board (CCCB) – After nearly five years, the Construction Codes Coordinating Board (CCCB) completed the 2017 Code Cycle and launched the 2021 Code Cycle. During the 2017 cycle, AOBA members and staff served as appointed members of the CCCB and held leadership positions within the Technical Advisory Groups (TAGs). Likewise, AOBA members and staff have been appointed to serve in similar positions during the 2021 cycle.

COVID-19 Pandemic Re-Open Plan – As part of the District's response to the COVID-19 Pandemic, DC Mayor Muriel Bowser appointed staff and multiple AOBA representatives to serve on the ReOpen DC Advisory Group.

AOBA Obtained an extension on the BEPS compliance cycle – After requesting that the DC DOE delay implementation of the DC Clean Energy Act, the DOE agreed to an extension of the timeline for compliance with the new Building Energy Performance Standards (BEPS) by a full year.

Rent Control Reform – After more than a year of a tenant advocate-led campaign to push DC Council for radical reforms to the District's Rent Stabilization Program, a public hearing was held on Nov 9. The housing provider community showed up in force with 46 witnesses opposing the Rent Control Omnibus bill (Bill 23-873) armed with extensive data about the cost to maintain and operate aging buildings; expenses which are far outpacing the annual allowable rent increase. Witnesses testified to the devastating impact the proposed bill would have on both the real estate industry and DC property tax revenues upon which the District relies, now more than ever. In addition to the two pending bills introduced in 2019, five new rent control reform bills were introduced in 2020. AOBA will continue pushing back against the seven pending rent control reform bills in 2021.

We plan to participate in a task force seeking comprehensive solutions to the affordable housing challenge.



Ricardo Castro, a building engineer at The Dorchester, urged the DC Council to oppose the Rent Control Omnibus bill.

Eviction Moratorium – Established on an emergency basis in May 2020, the District's eviction moratorium is the most far-reaching of its kind in the country. The DC Council approved a bill prohibiting housing providers from filing not just evictions for non-payment but for all eviction types during the active

public health emergency. In a parallel action the DC Superior Court opted to stay any pending eviction cases indefinitely. AOBA has been advocating for a public safety exception to the eviction moratorium, which has resulted in a number of Councilmembers willing to work with AOBA to draft language for a public safety exception. As another wave of COVID-19 cases crests and another subsequent extension to the District's public health emergency looms, a public safety exception becomes even more necessary to protect multifamily communities. AOBA also submitted an amicus brief to the DC Superior Court challenging the overly broad eviction moratorium. In 2021, AOBA will continue to push for the narrowing of the eviction moratorium using both the legislative and judicial paths.

AOBA Convened Multifamily Housing Leaders to discuss the impact COVID-19 is having on the industry – After a presentation on vacancy rates and declining rents in DC by Delta Associates, industry leaders discussed efforts to assist impacted residents by offering payment plans and increased support services for residents. Leaders raised the alarm over mounting resident debt, the possibility of future layoffs, restricted access to capital and safety issues presented by the blanket eviction moratorium. They also recognized their onsite staff and essential personnel for the "unsung heroes" they continue to be during the pandemic. Significant media coverage followed the event. AOBA also engaged the District's Chief Financial Officer in an open discussion of how the District's finances have been impacted and the various future scenarios that lie ahead.

Just Cause Eviction Bill Dies

– AOBA again succeeded in demonstrating the shortcomings of the Montgomery County Stable Homes Act (the Just Cause Eviction bill). Following a March hearing, the Environment and Transportation Committee took no further action; as such, it won't become law in Montgomery County.

Maryland Makes Source of Income Discrimination Illegal – The Housing Opportunities Made Equal Act is a statewide law that prohibits housing providers from refusing to rent a unit to a resident because of the source of income used to pay their rent. Currently, Montgomery and Prince George's counties prohibit source of income discrimination. Annapolis, Baltimore City, Baltimore, Frederick and Howard Counties also prohibit source of income discrimination.

AOBA Joined Advocates Statewide to Defeat Sales Tax Expansion – On March 2, AOBA joined more than 20 organizations opposing changes to the Sales-and-Use Tax. The legislation would lower the sales tax from 6% to 5% but would expand the 5% sales tax to everyday services that have never been taxed before. The legislation would have repealed the current tax codes' definitions of "taxable service" and replaced the definition of "taxable service" to include "any activity engaged in for a buyer for consideration." Prior to the hearing, AOBA met with the sponsor to get rent exempted from the list of services to be taxed. After strong opposition, the bill died in Committee.

COVID-19 Landlord-Tenant Legislation –

• **Prince George's County:** The Council unanimously passed

legislation to prohibit rent increases and late fees and established a County eviction moratorium. Prior to the hearing, AOBA worked with the sponsor on modifications that ensured the protections outlined in the bill were narrowly tailored to help those in need due to COVID-19. The Council amended the definition of "tenant" to require proof that residents have suffered a substantial loss of income due to COVID-19 to qualify for the prohibition on rent increases.

• **Montgomery County:** AOBA successfully opposed a proposal to prohibit late fees and worked with councilmembers to allow rent increases up to the voluntary rent guidelines.

• **AOBA successfully advocated for local and state rental assistance.** Montgomery and Prince George's Counties along with the state have funded rental assistance programs for residents.

AOBA Staff Participates in COVID-19 Taskforces and Reopening Committees – Since the COVID-19 pandemic began, AOBA staff has been an integral member of several stakeholder groups and hearings—diligently advocating for industry concerns as legislative proposals are formulated. Of note, staff provided invaluable testimony during the Senate Judicial Proceedings Committee's June hearing which served as the basis for committee recommendations and forthcoming legislation. Staff serves on the following: (1) Montgomery County: Housing Multifamily Default Prevention and Eviction and Homelessness Prevention Workgroups; (2) Prince George's County: the P.G. Forward taskforce, responsible for developing the County's recovery efforts; and (3) State: The Attorney General's Access to Justice Task Force seeking to develop a more equitable State after recovery.



Nicola Whiteman, AOBA's Senior Vice President of Government Affairs, joined Montgomery County's Department of Housing and Community Affairs for a Landlord-Tenant Townhall.

Northern Virginia Rises – Democrats took control of the Virginia General Assembly after sweeping victories in the 2019 elections. The change in power led to a reorganization that saw Northern Virginia’s political stock rise significantly. AOBA maintains close working relationships with the Northern Virginia delegation, which now boasts a Speaker of the House, the Senate Majority Leader, the House Majority Leader, the House Majority Caucus Chairman, the House Majority Caucus Whip, and 15 Committee Chairmen.

Progressive Housing Reforms Advance – Newly instituted Democratic majorities in the Senate and House of Delegates advanced a swath of progressing housing reforms. Landmark anti-discrimination legislation added a host of new protected classes to Virginia’s employment and fair housing laws, including sexual orientation, gender identity, status as a veteran and “source of funds,” effectively mandating participation in the previously voluntary federal housing choice voucher program. The General Assembly also adopted limitations on security deposits and protections for victims of sexual and domestic abuse. AOBA secured amendments that improved each of these measures significantly from their original form to mitigate the impact that they will have on the industry.

Signature Business Policies Preserved (For Now...) – AOBA joined with other business organizations to fend off attempts to repeal Virginia’s lauded “Right to Work” law and adopt new burdensome policies that would allow localities to enforce labor

provisions within zoning laws and require mandatory paid sick leave and collective bargaining for all employees.

Responding to the COVID-19 Pandemic – AOBA members led the way in responding to the COVID-19 pandemic, implementing cleaning and disinfection procedures as well as working with tenants to help keep them in place during the public health emergency. In spite of the industry’s proactive efforts, the Governor and Virginia General Assembly considered numerous proposals that would have shifted the burden of the pandemic to property owners. AOBA worked to limit the impact of these policies and ensure that they reflected current industry best practices.

AOBA succeeded in limiting the scope of the adopted evictions moratorium to residential properties and significantly shortened the period during which the moratorium would be effective. AOBA further secured amendments to policy provisions requiring that housing providers offer payment plans to residential tenants

who fail to make rent and worked with the administration to fund, shape, and drive participation in the Virginia Rent and Mortgage Relief Program.

Codes Adoption Process – AOBA once again was a strong line of defense against harmful code change proposals in the current cycle. We defeated proposals to require sprinkler retrofitting in existing buildings and to shift all costs for in-building emergency communications systems to building owners and modified or defeated many others that would have increased members’ operating expenses.

AOBA Works to Defeat Controversial Local Measures – AOBA defeated two controversial proposals in Arlington County that would have mandated housing providers to offer tenants an opportunity to purchase a multifamily building prior to it being offered for sale and allow local governments to set limits on residential rent increases. Additionally, AOBA joined with business groups in opposing a proposed one- year moratorium on new residential development in Prince William County.



Virginia Government Affairs Committee meets via Zoom during the pandemic.

In 2020, the AOBA Utilities team was active on a wide range of issues that impact our members including testifying in utility rate cases, representing member interests in Building Energy Performance Standards in Montgomery County and in DC, and participating in multiple PSC Working Groups so that our members voices and concerns are heard. The AOBA Utility team collaborated with the Government Affairs team and our members to testify in Annapolis and the District during the legislative sessions to protect the interests of our members.

Utility Rate Cases – AOBA is actively participating and testifying on our members’ behalf in 5 major Pepco and Washington Gas rate cases this year. AOBA’s active participation and negotiating in these rate case proceedings over the past 45 years has helped save our members tens of millions of dollars in utility charges.

- 1. Pepco DC Multi Year Rate Plan**
On May 30, 2019 Pepco filed its request for a multiyear rate plan (MYP) in the District. Pepco is seeking either a \$147.2 million increase in its original MYP, a \$135.9 million in additional revenue through 2022 in its Enhanced MRP, or an increase of \$76.7 million of additional revenues in a traditional rate case. This case is expected to conclude in Q1 2021.
- 2. Pepco MD Multi Year Rate Plan**
On October 26, 2020 Pepco filed a multiyear rate plan in Maryland. Pepco is seeking \$44 million in additional revenue beginning April 2021, \$34 million in additional revenue beginning April 2022 and \$32 million in additional revenue beginning in April 2023 for a combined total of \$110 million over three years. A decision is expected May 24, 2021.

- 3. Washington Gas Maryland Rate Increase**
Washington Gas Light Company filed an Application on August 28, 2020 requesting authorization to increase its annual distribution operating revenues by approximately \$28.4 million. The new rates would be effective for usage beginning March 26, 2021.
- 4. Washington Gas D.C. Rate Increase**
Washington Gas filed an application on January 13, 2020 requesting authorization to increase its annual operating revenues by approximately \$35.2 million. AOBA negotiated a settlement of this proceeding for a \$19.5 million increase in annual revenues for WG which was submitted to the Commission on December 8, 2020. A decision is expected in Q1 2021.

- 5. Washington Gas D.C. Projectpipes Infrastructure Improvement Plan**
Washington Gas is proposing to continue to replace relatively higher risk infrastructure at an accelerated pace increasing total expenditures from approximately \$135 million to approximately \$374 million over the next five years (October 2020- December 2025).

Washington Gas Maryland Natural Gas Explosion Investigation – The AOBA Utility Team filed multiple briefs with the Maryland Public Service Commission in the investigation of Washington Gas in the 2016 natural gas explosion in Silver Spring, MD, recommending that any and all additional mercury regulator replacement costs be borne by the Company – and not commercial or residential customers – and that the Commission levy a significant monetary penalty for Washington Gas’ failure to replace the regulators as promised.

Building Energy Performance Standards – The AOBA Utility team actively participates in the Building

Energy Performance Standards (BEPS) Working Groups in both Montgomery County and the District. The regulations for the DC BEPS were released in early December. Staff is reviewing and will solicit input from members prior to submitting comments within sixty days of publication. In Montgomery County, the Working Group submitted its recommendations to the County, and we expect some movement on this issue in 2021.

Virginia Clean Economy Act (Senate Bill 851) – In the waning moments of the [Spring] 2020 Session, the Virginia legislature amended the Clean Economy Act to eliminate pumped storage as a renewable resource. If unchecked, the effect of the amendment would nullify the competitive supply agreements with Constellation, utilized by AOBA members to increase their use of renewable energy. Constellation challenged the amendment to the Virginia Clean Economy Act, filing a complaint with the Virginia State Corporation Commission charging that the amendment could not be applied retroactively to nullify the competitive supply (i.e., pumped storage) agreements with AOBA members. The AOBA Utility Team then intervened in the Commission proceeding, filing a “Response” also arguing that the amendment could not be applied retroactively to nullify member agreements. A letter, drafted by the AOBA Utility Team and signed by seven AOBA members, detailing the potential deleterious impact of the amendment was attached to the AOBA response. Constellation later cited the member letter in a brief on the application of the amendment to member agreements. By “Final Order,” issued May 29, 2020, the Virginia Commission agreed with Constellation and AOBA and ruled that the amendment could not be applied retroactively, thereby upholding those supply agreements for our members.

AOBA in the Community

Sincere thanks to the Community Outreach Committee and dedicated member volunteers for another impactful year of providing assistance to our region's residents and youth.



Members Prepared Care Packages of Toiletries for the youth of Covenant House

Earlier this year, the Community Outreach Committee, Emerging Leaders and the Associate's Coalition Team hosted a "Bag Stuffing Happy Hour." Members raised over \$5,000 and purchased toiletry items, sheets, laundry supplies, etc. to stuff 71 care packages that were donated to Covenant House.



AOBA's Fall Food Drive with MMHA

AOBA engaged in a friendly food drive competition with The Maryland Multi-Housing Association and our area food banks were the winners! We collected over 4,000 pounds of food and our food drive partner, BMS Building Maintenance Service raised over \$6,000 for the Capital Area Food Bank! These generous donations will help ensure residents have the food they need this holiday season.



Members Clean Up James E. Duckworth School

More than 20 members rolled up their sleeves and participated in this year's Clean Up Day to landscape James E. Duckworth School and get it in tip-top shape. The Committee also donated \$2,000 in gift cards to Duckworth families and AOBA members donated a new sound system to the school.



Members Sleep Out to Benefit Covenant House

For the third year in a row, AOBA members accepted Covenant House's challenge to sleep outside one night to raise awareness for youth experiencing homelessness in the region and to help Covenant House DC raise funds for its important work. Our members' efforts raised more than \$10,000 for the organization.

The successful AOBA Scholars program for outstanding Prince George's County high school students is now in its 23rd year. Six students were presented with a \$6,000 scholarship this year to the Prince George's Community College (PGCC). Since 1996, AOBA members have raised over a million dollars, which has supported the academic careers of 178 scholars at Prince George's Community College.



Lending A "Hand Up" to Outstanding Students

Educational Programs Focus on Key Industry Issues

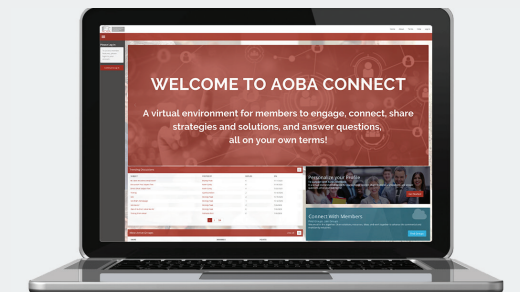
Despite the pandemic, members continued to polish their skills, share best practices and gain valuable industry certifications virtually. AOBA offered NALP training, BOMI courses, and seminars on topics including preparing buildings for re-entry, managing through the pandemic, emergency preparedness, fire safety, preparing for civil unrest, and housing provider concerns about the well-being of their essential personnel, rising rent delinquencies and resident safety. Members also benefitted from a wide range of online training opportunities offered by our national affiliates - BOMA International and NAA.



Led by JLL's Susan Hammer, members attended their last BOMI-HP® Designation program course.

Members Engage on AOBA Connect, An Online Community

With in-person meetings and events limited, AOBA launched AOBA Connect - a new online community for members to stay connected, share strategies and solutions, and answer questions while social distancing. Launched earlier this year, AOBA Connect serves as a platform to provide members with a variety of engagement tools to stay up to date with the latest resources and allow members to provide their input. We encourage members to join the conversation this year.



Members Continue to Benefit from BOMA & NAA Affiliation

As always, but especially this year, members benefitted from the strong support of our two national affiliate organizations. The Association's federation with the Building Owners and Managers Association International (BOMA) and the National Apartment Association (NAA) provided members with tangible benefits, including insightful COVID-19 guidance and research documents, informative webinars on issues related to the COVID-19 pandemic and an effective voice on Capitol Hill.