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June 2009

Market of Oz
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We welcome your comments and letters.

Write to us at:
HAA Communications Dept.
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Houston, Texas 77041
or fax to: 281-582-1506.
Or send us an e-mail at:
comm@haaonline.org.

The Houston apartment market has weathered many storms, but how are we faring after both a hurricane and an economic crunch? Find out in our market report, beginning on Page 34. Pictured on the cover is Gables West Ave.
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Shining a spotlight on the best and brightest of the multifamily industry.

Join HAA in recognizing the superstars of our industry for the 2009 Industry Achievement Awards.

Once a year, the Houston Apartment Association honors individuals whose accomplishments in the multifamily housing industry are deemed exceptional. The awards listed at left – as well as Go-Getter of the Year and a special event honoring NAA Education Designates – will be presented. Please join us as we honor these outstanding individuals.

<table>
<thead>
<tr>
<th>Award Category</th>
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<tr>
<td>Owner/Management Executive of the Year</td>
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<td>Independent Owner of the Year</td>
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<td>Leasing Consultant of the Year</td>
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<td>Lead Maintenance Technician of the Year</td>
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Thursday, June 18, 6 p.m. to 8:30 p.m.
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The Industry Achievement Awards this month recognizes the hard work and dedication of our best and brightest.

I want to thank each of you who sent in a nomination to recognize someone for his or her hard work.

So many positive things are happening every day in our industry, and it is the dedication and ingenuity of our people that makes it happen. The Industry Achievement Awards provide a wonderful way to give thanks to the superstars of our industry, and I want to thank each of you who sent in a nomination to recognize someone for his or her hard work. See the facing page (Page 6) and www.haonline.org to learn more about how you can further show your support and appreciation by attending the awards dinner on Thursday, June 18. We will recognize those who have earned NAA designations as well as announce and congratulate our award winners.

Sometimes It’s Easy Being Green

Many thanks are also in order for everyone who put in so much time and effort to make our 2009 Education Conference & Expo – The Green Event – such a success! In particular, I want to recognize the efforts of the Expo Committee, seminar sponsors, exhibitors, HAA staff and event chairs Jeff Blevins, Camp Construction Services, and Jenifer Paneral, Concierge Asset Management. Together, their work made our annual show an excellent event, and we are already making plans to celebrate HAA’s 50th anniversary with an even bigger and better event in 2010. I encourage everyone to take part in the e-mail survey to help us improve your experience at the show.
These companies have generously supported the Houston Apartment Association with their patron membership. Please give them careful consideration, whenever possible, in your business.

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<table>
<thead>
<tr>
<th>Company</th>
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<tr>
<td>Houston Planned Energy Systems</td>
<td>1978</td>
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<td>BFI Waste Services of Texas/Allied Waste</td>
<td>1982</td>
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<td>Presto Maintenance Supply</td>
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<td>Coinmach</td>
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<td>Texas Apartment Locators</td>
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<td>Camp Construction Services</td>
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<td>Royal Plumbing Supply</td>
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<td>MAB Flooring Inc.</td>
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<td>AAA Plumbers</td>
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<td>Whirlpool Corporation</td>
<td>1966</td>
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<tr>
<td>Dixie Carpet Installations</td>
<td>1987</td>
</tr>
<tr>
<td>Apartment Guide</td>
<td>1979</td>
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**JUNE’S PATRON**

At CAMP Construction Services, we have truly enjoyed the friendships, experiences and of course the business opportunities that we have realized by being a member of The Houston Apartment Association.

By serving on its boards and committees and participating in its events, we continually recognize the value that HAA brings to Houston’s multi-family housing community.

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Code Changes

HAA works to avoid surprises in Houston’s construction codes as proposals surface to require emergency guides and underground lint traps.

The line-by-line review of a construction code document can seem mind-numbing, but the amount of money at stake is staggering.

Every three years or so, Houston’s Construction Industry Council convenes committees to review each of the city’s technical codes against the newest edition of the national model code. Most of our codes – building, mechanical, electrical and plumbing – primarily concern new construction. Houston’s Fire Code, however, is a maintenance code that affects the day-to-day operation of apartment properties throughout the city.

The line-by-line review of a construction code document can seem mind-numbing, but the amount of money at stake is staggering. A word change here or an exception there can make a big difference.

FIRE CODE

For example, the latest edition of the International Fire Code contains a provision that would require apartment managers to create a “fire emergency guide” for every resident, with detailed information about “the location, function and use of fire protection equipment and appliances… (and) an emergency evacuation plan for each dwelling unit.” This has long been required in hotel rooms, where guests are unfamiliar with their surroundings. Houston fire officials agreed with HAA last month that such measures are unnecessary in an apartment property, where residents generally know which direction leads out of their home, and have agreed to delete the requirement from the upcoming edition of the Houston Fire Code.

Another provision of the International Fire Code provides that a controlled access gate at an apartment community must be “operational at all times.” The intent, of course, is to make sure that emergency vehicles can get in, but the language implies that one of the most temperamental mechanical devices on an apartment property can never break! At HAA’s request, the committee agreed to add language to provide that gates must be operational “or remain open.” This way, a broken access gate is not an automatic Fire Code violation while your maintenance technicians are waiting for a replacement part or affecting a repair.

LINT TRAP RELIEF

The plumbing and mechanical code committees are meeting weekly, and the Building Code Committee is just getting under way. An amendment to the Houston Plumbing Code may finally end our industry’s “lint trap” problem, in which Houston’s Health Department has been trying to retroactively impose a provision requiring properties with small laundry rooms to install underground concrete lint traps in their sewer lines. Committee members noted that apartment laundry rooms were never meant to be treated as commercial laundry facilities and should clarify that provision for the next edition of the Plumbing Code.

Over the years, industry involvement with Houston’s code committees has resulted in incalculable savings for builders, owners and residents, and has helped stem threats from those who see codes as a way to create a captive market for their product (see “earthquake valves,” circa 2004).

The effort to avoid unpleasant surprises in construction codes continues to become a greater challenge each year as the state Legislature grants Texas counties more and more ordinance-making authority. Harris County is beginning its process to create the first-ever Harris County Building Code, with committee meetings continuing this month.

SWIMMING POOL SAFETY

The Houston Parks Department made a presentation to City Council last month, updating council members on their efforts to retrofit pools in city parks to meet requirements of the Virginia Graeme Baker Act, noting the difficulty and expense of bringing the city’s 26 pools into compliance.

The Houston apartment industry, of course, has more than 2,500 pools to bring into compliance with this law, which requires a special pool drain cover and either dual, hydraulically-balanced main pool drains or a device that releases suction when it senses that the drain is blocked. As swimming pool season approaches, a last check of your property’s pools for compliance is in order, along with a check of other...
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When will you want us?
In these tough economic times, residents may have difficulty paying rent. You may face requests for work-outs, payment plans or concessions from delinquent residents. Should you enforce your lease without exception? Should you settle for something less than full payment? If so, will you have to make a similar offer to other delinquent residents? How do you document any deal you make?

Whether or not you decide to make payment plans or give concessions is a business decision; however, there are several issues that come up when considering a work-out with the resident.

**How Long Can I Wait Until I Begin the Eviction Proceeding?**

The decision is yours with respect to when you want to begin the eviction process after a delinquency occurs. However, you should always be mindful of: (i) the time it takes to pursue the eviction remedy; and (ii) Fair Housing laws which require that you treat everyone in a consistent manner.

The eviction process usually takes about three to four weeks (from notice to vacate to judgment), which could double if there is an appeal to the county court. If you delay in sending the notice to vacate, filing the forcible detainer action or proceeding to a judgment and you do not get the payment that is promised, you will be that much farther behind in collecting your rent. Depending upon the schedule of proposed payments, one option could be to continue with the eviction process and only cease the process once full payment is received. Of course, in such a case, you would also want to add the eviction cost to the amount that has to be paid.

Fair Housing issues can also be raised any time you make exceptions to your policy of enforcing your leases. You do not want to make exceptions to your enforcement policy only to have some other resident claim that you are discriminating because you made an exception to one, but not to another. You should always be cognizant of any exceptions you make and realize that you are required to treat people under similar circumstances on a consistent basis. If you allow a resident to pay off a delinquency in exchange for holding off on proceeding with an eviction, you should be prepared to offer similar work-out agreements to residents with a similar history and delinquency.

**Can I Accept Rent During the Eviction Process?**

Paragraph 32 of the TAA lease provides that, after giving notice to vacate or filing an eviction lawsuit, the owner may still accept rent or other sums due. This provision also states that the filing or acceptance doesn’t waive or diminish the owner’s right of eviction or any other contractual or statutory rights and that accepting money at any time doesn’t waive the owner’s right to damages, past or future rent or other sums or to continue with eviction proceedings.

Even though the lease provides that you may accept rent after giving a notice to vacate or filing an eviction suit, be careful. If you proceed with an eviction based on nonpayment of rent and you have accepted rent payments after giving a notice to vacate or filing a suit, the resident may allege (and a judge may rule) that you have waived your right to proceed because you have allowed the resident to cure the default or, at least, given the resident the impression that you won’t go forward on an eviction action because of the resident’s payment.

Waiver is the intentional relinquishment of a known right; by putting your intention in writing, it would be difficult to argue that you intend to relinquish any rights when you have expressly stated otherwise. If you are inclined to accept rent while still proceeding with the eviction action, there are a couple of options you have to avoid a waiver argument.
At the very least, it would be beneficial to send a letter to the resident after you have accepted rent notifying the resident that:

(i) you have accepted the rent as a partial payment only;
(ii) you do not waive your right to proceed; and
(iii) you will proceed with the eviction action.

Alternatively, if you enter into a payment plan with a resident and the plan calls for payments to be made prior to the eviction trial, the payment plan should clearly state your intention to continue to proceed with the eviction action until payment is made in full.

**CAN I ACCEPT PAYMENT OF DELINQUENT RENT AFTER JUDGMENT AND STILL PURCHASE A WRIT OF POSSESSION?**

The Texas Property Code provides that a landlord who prevails in an eviction suit is entitled to a judgment for possession of the premises and a writ of possession. The Texas Rules of Civil Procedure provide that a suit for rent may be joined with an eviction action wherever the suit for rent is within the jurisdiction of the justice court. The Rules of Civil Procedure also provide that if the judgment or verdict is in favor of the owner, the justice shall give judgment for the owner for possession of the premises, costs and damages and shall award a writ of possession.

If you receive a judgment for both money damages (rent and court costs) and possession, once the judgment becomes final (six days after the judgment is signed), you are entitled to enforce that judgment. In other words, you are entitled to collect the money owed and purchase the writ of possession. There is nothing in the law that prohibits an owner from collecting rent after a judgment is obtained and before a writ of possession is served.

However, as with accepting rent before a judgment, care should be taken when accepting rent before a writ of possession is served. Once again, if you accept rent from a resident, it is beneficial to advise the resident in writing of your intentions to continue with enforcing your right to seek possession under the judgment, even though you have accepted the rent. If there is an agreement to pay rent, the agreement should address whether and under what conditions you intend to continue with your right to obtain the writ. With the proper written document, you can avoid claims by residents during or after the time that the writ is served that you have somehow misrepresented your intentions to the resident.

**CAN A CONSTABLE DECIDE NOT TO SERVE A WRIT OF POSSESSION THAT HAS BEEN PURCHASED?**

The Property Code provides that a writ of possession will order the officer executing the writ to post a
written warning on the door of the premises at least 24 hours before the writ is served, and when the writ is executed, deliver possession of the premises to the owner. Once a judgment is obtained and a writ of possession is ordered, the constable is required to serve the writ in accordance with the law. The constable has no authority to ignore the judgment that has been granted, no matter what the constable is told by the resident.

Although a constable cannot determine whether or not to execute a writ once it is purchased pursuant to a final judgment for possession, once again, even if you are entitled to recover rent under a judgment, if you accept funds from a resident prior to a writ being served, it would be beneficial to at least, write a letter to the resident notifying the resident that you are continuing with your right to obtain the writ, even though money has been paid under a judgment. You want to avoid a claim by the resident that you have somehow misrepresented your intentions when you accepted rent.

In these economic times, you may find yourself in a position of working with residents to collect rents. If you do, the proper steps should be taken to minimize problems during and after the eviction proceeding.

To learn more about your rights and responsibilities as a landlord, attend the Legislative Update seminar with TAA’s David Mintz on Wednesday, June 17 (see Page 24 for details) or the It’s The Law Luncheon on Friday, July 17, where representatives from HAA’s General Counsel, Hoover Slovacek LLP, will be on hand to discuss regulatory and legal issues and answer your questions. Visit the calendar pages at www.haaonline.org for details and to register.

HAA Members:
Do you need the HAA logo for your promotional materials? Three versions are available and can be provided in any format you need.

For your copy, call Deborah Nix at 713-595-0333 or send an e-mail to dnix@haaonline.org.
T he Resident Relations Committees decide on disputes that involve deposits being kept or monies being taken out of the deposit for cleaning charges, damages, broken leases and more. The documentation provided by management is often the deciding factor for the committees.

PRE-EXISTING CONDITIONS
The resident filed a complaint with HAA to dispute charges and to ask for a refund of her security deposit. The resident stated that when she moved into the apartment it was not clean. The resident stated the condition of the apartment on her move-in condition form.

Management responded to HAA with an explanation that the resident was charged according to the terms of the lease. Enclosed were copies of the deposit disposition, application, move-in condition form and lease. Pictures were also provided.

The committee decided in favor of management but revised some charges. The committee noted that the resident stated that the carpet had stains on the move-in condition form, so the carpet charge of $487.82 should be removed. The countertop damage charge of $85 also should be removed because the resident stated on the move-in condition form that the cabinets were in need of painting. After the adjustments made, the resident owes the property $63.86.

NORMAL WEAR AND TEAR
The resident filed a complaint with HAA to dispute charges and to receive a refund of her security deposit. The resident stated that she gave the proper notice to vacate and left the apartment clean.

Management responded to HAA with an explanation that on or about May 1, 2008 they received a notice to vacate from the resident which did not include an exact date for moving out nor a forwarding address. Management believed the resident was charged according to the terms of the lease. Enclosed were copies of the lease, application, move-in condition form and deposit disposition.

The committee decided in favor of the resident. Considering that the resident had lived in the unit for five years, the committee believed that the cleaning and damage charges were excessive. The committee also noted that management failed to provide pictures to support the charges. Management is to remove charges owed and refund the resident her security deposit of $150.

Prove It
Keep copies of the move-in and move-out forms and take pictures so that you can accurately assess damages and deposit refunds.
Out with the old & in with the new

Don't sweat it! Century A/C Supply will keep you cool:

- For over 5 years, we’ve been selling & supporting 410A units.
- Our sales team is 410A-savvy!
- We consult at the management level to find 410A solutions tailored to your company & property.
- We provide you multi-family compatible 410A equipment.
- Our 410A training classes educate your maintenance team.
- We have experienced technical support on staff to assist you further with 410A questions.

Worried about R410A?

Let Century A/C give you the facts you need!

Sign-up today for Century A/C Supply’s Cool College. Century A/C can get you the training and knowledge you need to install and service 410A equipment. Now is the time to begin using new, environmentally sound refrigerant!

Call (281) 776-1900 for our Customer Service Center

Check out our R-410A Informational Video Online! www.centuryac.com
More than 50 events are up for bid. You determine the value of each event in an auction format, with selected sponsorships determined by drawing. Whether your customers are property supervisors, managers, maintenance technicians or upper-level executives, there’s an HAA/HAF event that targets the people you do business with. Sponsorship is a great way to gain recognition for your company. During sponsored events, a commercial is read to attendees and sponsor signs are displayed. All events are promoted with pre-event publicity in ABODE magazine, by e-mail and on the Web at www.haonline.org. Every event for the second half of 2009 – from the Chili Fest Cook-off to the Installation & New Year Gala to the Fall Golf Tournament to the Hall of Fame – is up for sponsorship. Don’t miss your chance to grab a cup of coffee, a bid and a big heaping serving of HAA events.

Sponsorship Auction
Friday, June 12
Auction 101 Class for new suppliers begins at 7:45 a.m.
Registration: 8:15 a.m.
Drawings close: 9 a.m.
Live auction begins: 9:15 a.m.
Dinerstein Reed Prokop Education Center
4810 Westway Park Blvd.
off Clay Road just east of Beltway 8

The event is free for supplier members.
Proxy bidding available.
Call for details.

Come early for Auction 101:
An orientation for new suppliers. Learn how the auction process works and learn more about the events for sale.

Call ahead to RSVP. For more information, contact Amanda at 713-595-0316, e-mail asherbondy@haonline.org or visit www.haonline.org online.
important safety items such as
• A 4-foot-high fence with a self-closing, self-latching gate
• All skimmer baskets and covers intact and in place
• Proper signage
• Ring buoy, throwing rope, reaching pole
• Emergency phone
• Houston pool operating permit, posted in the office.
A more complete list is available in your TAA Operating Guide for Class C Pools & Spas in Texas, available from HAA’s form sales department.

Have a question? Call 713-595-0300 and ask Andy Teas.

SCHOOL SUPPLY DRIVE
Our Community Outreach Committee has laid the groundwork for our joint effort with the Alliance of Community Assistance Ministries to collect school supplies for more than 10,000 Houston-area children who visit ACAM agencies for assistance. We encourage you to have school supply drives on your properties and business offices from now through July 31 – please contact Susan at shinkley@haaonline.org to let us know you want to help. You will be included on a distribution list for the latest information about our efforts.

This is a great way to do something big for a child, and it doesn’t cost much – for just $5, you can provide a child with pencils, an eraser, a notebook, a ruler, a package of paper and scissors.

If you have residents who are in need of school supplies or other social services, encourage them to contact one of the ACAM agencies listed on the promotional flier on Page 31 and available for download from the HAA Web site at www.haaonline.org. For more information on this project, see Page 30.

www.haaonline.org
Get noticed!

in the most used property management tool in Houston!

Call now about early bird rates!

Put on your party hat and celebrate HAA’s birthday by advertising in the 50th Anniversary edition of the Directory & Buyer’s Guide!

Why should you advertise in the 2010 HAA Directory & Buyer’s Guide?
• Buyers are already looking for your service.
• It’s the “yellow pages” of the multifamily industry and bigger than ever.
• Your ad explains why the buyer should choose you.
• More than 4,000 copies get your ad into buyers’ hands.
• It works for your company all year long, no vacations!
• It’s cost effective – You can’t afford NOT to advertise.

Credit cards accepted!

Deadline for ad order and camera-ready art is **September 30**.

For more information, call Amanda at 713-595-0316, e-mail asherbondy@haaonline.org or go online to www.haaonline.org.
June

APPLE Marketing Session II: Internet Lead to Lease Guaranteed with Christopher Higgins
Thursday, June 4
8:30 a.m. to noon
$399 per property; $40 each for non-enrolled property personnel
Sponsored by Apartment Guide
Internet prospects are different because they expect information quickly and with all the bells and whistles. This seminar shows you how to react the right way to Internet inquiries, how to sell your community through the use of e-mail, Web demonstrations and plug-ins and easy ways to bring Internet shoppers into your doors. Many companies spend tons of money to generate Internet prospects that are followed up with incorrectly or too late! This seminar gives you the tools and knowledge you need to maximize this resource.

CAM/CAS: Property Maintenance for Managers
Wednesday, June 10
8:30 a.m. to 5 p.m.
Sponsored by Embark Tree & Landscape Services
NOTE: This session of CAM is sold out and limited to students who are already registered. Contact the Education & Meetings Department at educ@haaonline or visit www.haaonline.org for information about the next CAM opportunity.

CAM: Plumbing Maintenance & Repair
Wednesday, June 10 (four nights)
5:30 p.m. to 9:30 p.m.
Program Cost: $695/total or $145/module
Sponsored by Best Plumbing
The plumbing maintenance and repair course, which meets June 10-11 and June 17-18, teaches students how to maintain and repair plumbing systems and fixtures. Content includes an overview of the systems; key materials and equipment; pipes, fittings and valves; and fixtures and appliances.

Microsoft PowerPoint Tips & Techniques for Trainers
Thursday, June 11
8:30 a.m. to noon
Program Cost: $55
Sponsored by Apartment Finder
This informative workshop offers the latest tips and techniques to help make this powerful program work harder for you with dazzling results. See Page 24 for details.

SOAPS Luncheon Honoring Administrative Assistants
Thursday, June 11
11:30 a.m. to 1:30 p.m.
Sponsored by The Laurent Company and HD Supply
Details will be mailed to SOAPS members. For more information, call Kirsten at 713-595-0314.

APPLE Core Session V: Team Building en Español with Allison Goldberg
Tuesday, June 16
8:30 a.m. to noon
$399 per property; $40 each for non-enrolled property personnel
Sponsored by BG Personnel
Understanding and capitalizing on individual approaches to group process is the bottom line for creating high-performance teams. When everyone on a team realizes that each approach is necessary, the group dynamic improves and everyone benefits. See Page 23.
NOTE: This session is conducted entirely in Spanish. Take advantage of this great opportunity for your Spanish-speaking staff!

CAM/CAS: Risk Management
Wednesday, June 24
8:30 a.m. to 5 p.m.
Sponsored by Flagship PDG

NOTE: This session of CAM is sold out and limited to students who are already registered. Contact the Education & Meetings Department at educ@haaonline or visit www.haaonline.org for information about the next CAM opportunity.

Blue Star Program
Thursday, June 25
7:30 a.m. to 4 p.m.
$35 if paid by June 22, $45 at the door
Grace Community Church 14505 Gulf Fwy. (just south of the Beltway on the northbound feeder road)
Sponsored by Bartley Construction
Learn how to deter criminal activity on your property and earn a Blue Star from the Houston Police Department. NOTE: Properties must be located within the Houston city limits to be certified by HPD.

July

CAM/CAS: Finance
Wednesday, July 8
9 a.m. to 5 p.m.
Sponsored by Embark Tree & Landscape Services
NOTE: This session of CAM is sold out and limited to students who are already registered. Contact the Education & Meetings Department at educ@haaonline or visit www.haaonline.org for information about the next CAM opportunity.

See EDUCATION, Page 25
Events

3 Membership Campaign Meeting No. 6 – Wednesday, June 3, 11:30 a.m. Contact Lisa for details and to RSVP at lbutler@haaonline.org or 713-595-0322. Sponsored by Maid of Honor and Classic Touch Painting.

9 PSC Supplier Education Program – Tuesday, June 9, 3 p.m. Contact Susan for details and to RSVP for this FREE event at 713-595-0313 or shinkley@haaonline.org.

12 Auction 101 – Friday, June 12, 7:45 a.m. See Page 16 for details.

Sponsorship Auction – Friday, June 12, 8:30 a.m. Contact Amanda for details and to RSVP at asherbondy@haaonline.org or 713-595-0316. See Page 16.

16 Membership Campaign Finale – Tuesday, June 16, 4 p.m. at Sullivan’s Ringside, 4608 Westheimer (just inside Loop 610). Contact Lisa for details and to RSVP at 713-595-0322 or lbutler@haaonline.org. Sponsored by Apartments.com and For Rent Media Solutions.

18 Industry Achievement Awards – Thursday, June 18, 6 p.m. at the Omni Houston Hotel, Four Riverway (off Loop 610 and San Felipe) See Page 6 for details. Sponsored by Liberty Personnel/ Executive Search and TXU Energy.

Education

4 APPLE Marketing Session II: Internet Lead to Lease Guaranteed with Christopher Higgins – Thursday, June 4, 8:30 a.m. to noon. See Page 23 for details. Sponsored by Apartment Guide.

10 CAM/CAS: Property Maintenance for Managers – Wednesday, June 10, 8:30 a.m. to 5 p.m. Sponsored by Embark Tree & Landscape Services.

CAMT: Plumbing Maintenance & Repair – Begins Wednesday, June 10, 5:30 p.m. to 9:30 p.m. This course meets June 10-11 and June 17-18. Sponsored by Best Plumbing.

11 Microsoft PowerPoint Tips & Techniques for Trainers – Thursday, June 11, 8:30 a.m. to noon. See Page 24 for details. Sponsored by Apartment Finder.

16 APPLE Core Session V: Team Building en Español with Allison Goldberg – Tuesday, June 16, 8:30 a.m. to noon. See Page 23 for details. Sponsored by BG Personnel.

17 Legislative Update Seminar – Wednesday, June 17, 8:30 a.m. to 11 a.m. See Page 24 for more information. Sponsored by Bratton Pools.

24 CAM/CAS: Risk Management – Wednesday, June 24, 8:30 a.m. to 5 p.m. Sponsored by Flagship PDG.

25 Blue Star Program – Thursday, June 25, 7:30 a.m. to 4 p.m. at Grace Community Church, 14505 Gulf Fwy. (just south of the Beltway on the north-bound feeder road). Sponsored by Bartley Construction.

Meetings

1 Online Advisory Committee – Monday, June 1 at 2 p.m.

9 Ambassador Club – Wednesday, June 10, 4:30 p.m. Location to be announced. For details and to RSVP, contact Lisa at lbutler@haaonline.org or 713-595-0322.

11 BGF Luncheon – Thursday, June 11, 11:30 a.m. NEW: Register online at www.haaonline.org. Sponsored by TXU Energy.

12 Community Relations Committee – Friday, June 12 at 11 a.m. Contact Susan for details at shinkley@haaonline.org.

16 Product Service Council – Tuesday, June 16, at 3 p.m. Contact Susan for details at shinkley@haaonline.org.


30 BGF Luncheon – Tuesday, June 30, 11:30 a.m. NEW: Register online at www.haaonline.org. Sponsored by RPM Daily Services.

Unless otherwise noted, all events meet at our Dinerstein Reed Prokop Education Center, 4810 Westway Park Blvd., second floor, in either the Direct Energy and Liberty Personnel & Executive Search Room or the Camden and Michael Stevens Interests Room.
July 2009

Events

3
Offices Closed – The HAA offices will be closed on Friday, July 3 in observance of the Independence Day holiday.

10

Education

8
CAM/CAS: Finance – Wednesday, July 8, 9 a.m. to 5 p.m. Sponsored by Embark Tree & Landscape Services.

14
APPLE Core Session VI: Closing a Sale is a Process, Not a Single Event with Patty Morgan Seager – Tuesday, July 14, 8:30 a.m. to noon. See Page 23 for details. Sponsored by BG Personnel.

15
Introduction to Microsoft Excel – Wednesday, July 15, 8:30 a.m. to noon. Sponsored by Century A/C Supply.

17
IROC Breakfast – Friday, July 17, 7:30 a.m. to 10 a.m. Sponsored by Apartments.com.

22
Introduction to Microsoft Excel – Wednesday, July 22, 8:30 a.m. to noon. Sponsored by RPM Daily Services.

23-25, 30-1
Extreme CAM/CAS – July 23-25 & July 30-August 1, 9 a.m. to 5 p.m. (Registration at 8:30 a.m. on July 23 only). Sponsor to be announced. For details, visit www.haaonline.org.

Meetings

8
Ambassador Club – Wednesday, July 8, 4:30 p.m. Location to be announced. For details and to RSVP, contact Lisa at lbutler@ haaonline.org or 713-595-0322.

16
BGF Luncheon – Thursday, July 16, 11:30 a.m. NEW: Register online at www.haaonline.org. Sponsor to be determined.

21
Multifamily Fire Safety Alliance – Tuesday, July 21, 8:30 a.m.

22-24
TAA Board and Committee Meetings – Wednesday, July 22 through Friday, July 24 in Galveston. See www.taa.org for details.

30
Legislative Committee – Thursday, July 30 at 3:30 p.m.

Board of Directors – Thursday, July 30 at 4:30 p.m. Sponsored by TXU Energy.

Log on to register!
Look for this icon and register for the event online at www.haaonline.org

Meetings located at the HAA Offices, 4810 Westway Park Blvd., first floor, will be held in the Redi Carpet and Winograd Families/ Judwin Properties Conference Room.
The Honor of Your Presence is Requested for the
2009 HAA Bowling Tournament

Friday, July 10 12:30 p.m. to 5 p.m.
300 Houston
(formerly Bunker Hill Lanes) 925 Bunker Hill Road

Registration: 12:30 p.m. to 1 p.m.; Practice/warm-up: 1 p.m. to 1:30 p.m.; Tournament start: 2 p.m.
Team registration (6 players): $225; one team per company.
Price includes 3 games, shoes and buffet
Spectators: $20

For more information, contact the education department at 713-595-0300,
e-mail educ@haaonline.org or visit www.haaonline.org

Sponsored by Ameritex Movers, Golden Greek Carpets and TXU Energy
Is there an emphasis on collaboration and teamwork in your environment? Understanding and capitalizing on individual approaches to group process is the bottom line for creating high performance teams. When everyone on a team realizes that each approach is necessary, the group dynamic improves and everyone benefits.

- Understand that a team’s effectiveness is greater than the sum of its parts.
- Appreciate the value of cooperation, openness and mutual respect in reaching clearly defined goals.
- Recognize the seven keys to effective teamwork.
- Identify and work through the stages of teamwork.
- Discover an effective team process to reduce project cycle time and increase productivity.

This session is conducted entirely in Spanish.


It’s not too late!

Half-Year Enrollment Now Available!

Send your entire property staff to any and all of the remaining 2009 sessions for only $249 per property!

APPLE features some of the best nationally acclaimed speakers in the industry. The entire series is only $249 per property, and the fee includes unlimited attendance by your entire property staff to any or all of the 20 workshops in four tracks:

- CORE
- Maintenance
- Leadership
- Marketing

Registration for individual sessions by non-enrolled property personnel is $40 per person.

All APPLE sessions meet from 8:30 a.m. to noon at the HAF Dinerstein Reed Prokop Education Center.

APPLE: Core – Session 6
Tuesday, July 14
Closing a Sale is a Process – Not a Single Event
with Patty Morgan Seager

This seminar turns traditional selling upside down and introduces a more consultative approach in the sales cycle. Participants will learn an eight-step process to assist them in closing more sales effectively. In addition, seminar exercises will emphasize the importance of good listening skills and a positive attitude. We’ll also discuss the power of the first impression and how to go the extra mile in the sales process. New hires as well as seasoned veterans will benefit from this information-packed session. The only thing you have to lose is profits!

APPLE: Marketing – Session 3
Tuesday, August 11
Marketing Your Tax Credit Property
with Brenda McClain Asbury

Tax credit properties need special marketing considerations in order to have effective promotional issues tackled. See what this lease-up expert recommends. Strong discussion of cost-cutting marketing for tax-credit managers is included during this session.

APPLE: Maintenance – Session 3
Wednesday, September 9
Cost Cutting Through Preventive Maintenance
with Nichole Curl, CAMT, CAMTII

See the education course section of the HAA Web site at www.haonline.org for a detailed synopsis of this session.

APPLE: Core – Session 7
Tuesday, September 15
Customer Service en Español
with Allison Goldberg

The second session in the series to be conducted entirely in Spanish, participants will learn of the impact superior customer service can have on their residents and their property’s performance, and that no matter what language you may speak, excellent customer service speaks for itself. This session is conducted entirely in Spanish.

WITH MORE SESSIONS TO COME IN OCTOBER AND NOVEMBER!
This informative workshop offers the latest tips and techniques to help make this powerful presentation program work hard-
er for you with dazzling results. Learn to import movies, sounds and streaming files to augment your training programs and
sales presentations. The latest PowerPoint trends used in presentations nationwide as well as tips for acquiring useful appli-
cation add-ons will be presented in an upbeat and dynamic environment. Intended for users with basic knowledge of
PowerPoint, this program is a must for anyone who regularly uses this engaging software in training or sales presentations.

Instructor Julie Marie Irvin is a national presenter and consultant specializing
in computer literacy and technical solutions for effective communication. Irvin,
president of Houston-based Keystone Resources, is a Microsoft Office User
Specialist with more than 10 years of experience. She combines creative and
technical talents to deliver solutions to a national and international client base.

Legislative Update
TAA Legislative Update
Wednesday, June 17
HAF Dinerstein Reed Prokop
Education Center
4810 Westway Park Blvd.
Registration – 8:30 a.m.
Program – 9 a.m. to 11 a.m.
Program Fee $35

Sponsored by Bratton Pools

Join David Mintz and the Texas
Apartment Association for an
important update from the recent
state legislative session. Learn
about pending and upcoming
legislative matters that could potentially impact
our industry. Get your questions answered and stay
ahead and in the know.
EDUCATION, Cont’d from Page 19

Annual Bowling Tournament: Bowling Down the Aisle
Friday, July 10
12:30 p.m. to 5 p.m.
300 Houston
925 Bunker Hill Road
Sponsored by Ameritex Movers, Golden Greek Carpets and TXU Energy
See Page 22 for details

APPLE Core Session VI: Closing a Sale is a Process, Not a Single Event with Patty Morgan Seager
Tuesday, July 14
8:30 a.m. to noon
$399 per property; $40 each for non-enrolled property personnel
Sponsored by BG Personnel
This seminar turns traditional selling upside down and introduces a more consultative approach in the sales cycle. Participants will learn an eight-step process to assist them in closing more sales effectively. In addition, seminar exercises will emphasize the importance of good listening skills and a positive attitude. We’ll also discuss the power of the first impression and how to go the extra mile in the sales process. New hires as well as seasoned veterans will benefit from this information-packed session! The only thing you have to lose is profits! See Page 23 for details.

Introduction to Microsoft Excel
Wednesday, July 15
8:30 a.m. to noon
Program cost: $55
Sponsored by Century A/C Supply
Learn to conquer your fear of the spreadsheet! This great-for-beginners course offers a detailed look into this multifaceted, often daunting program.

IROC Breakfast
Friday, July 17
7:30 a.m. to 10 a.m.
FREE/members;
$25/non-members
Sponsored by Apartments.com
Topic to be announced.

It’s the Law Luncheon
Friday, July 17
11:30 a.m. to 1:30 p.m.
Program cost: $25
Sponsored by Gemstar Construction & Development
Topic to be announced.

Introduction to Microsoft Excel
Wednesday, July 22
8:30 a.m. to noon
Program cost: $55
Sponsored by RPM Daily Services
Learn to conquer your fear of the spreadsheet! This great-for-beginners course offers a detailed look into this multifaceted, often daunting program.

Extreme CAM/CAS
July 23-25 and July 30-August 1
9 a.m. to 5 p.m. (Registration at 8:30 a.m. on July 23 only)
Program fee: $999
Sponsor to be announced
Extreme CAM accelerates the education process and allows you to attain the Certified Apartment Manager or Certified Apartment Supplier designation on a schedule that works best for you. Classes will be held Thursday-Saturday for two consecutive weeks; taught by Bill Nye, Ph.D. (recommended for experienced managers only). See www.haonline.org for details.

Register online at www.haonline.org or call 713-595-0300 for more information.

REGISTRATION

Enclosed is $___________ to register for the following event(s). Please make checks payable to the Houston Apartment Foundation. For courses and events designated by an asterisk (*), please make checks payable to the Houston Apartment Association.

☐ MasterCard ☐ Visa ☐ American Express ☐ Discover Card Number __________________________ Expiration Date ________/________
Name as it appears on card ________________________________________________________________
Signature ______________________________________________________________________________

☐ APPLE Marketing Session II: Internet Lead to Lease Guaranteed, Thursday, June 4. $399/property; $40 each/ non-enrolled property personnel.
☐ CAMT: Plumbing Maintenance & Repair, begins Wednesday, June 10. $695/total; $145/module.
☐ Microsoft PowerPoint Tips & Techniques for Trainers, Thursday, June 11. $55.
☐ APPLE Core Session V: Team Building en Español, Tuesday, June 16. $399/property; $40 each/non-enrolled property personnel.
☐ Blue Star, Thursday, June 25. $35 if paid by June 22; $45 at the door.
☐ APPLE Core Session VI: Closing a Sale is a Process, Tuesday, July 14. $399/property; $40 each/non-enrolled property personnel.
☐ Introduction to Microsoft Excel, Wednesday, July 15. $55.
☐ IROC Breakfast, Friday, July 17. FREE/members; $25/non-members.
☐ It’s the Law Luncheon, Friday, July 17. $25.
☐ Introduction to Microsoft Excel, Wednesday, July 22. $55.
☐ Extreme CAM/CAS, July 23-25 and July 30-August 1. $999.

Name(s) ____________________________________________ ____________________________
Company __________________________________________ State __________ Zip __________ Phone __________________________ Fax __________________________

Mail to the Education and Meetings Department, Houston Apartment Foundation: 4810 Westway Park Blvd., Houston, TX 77041; fax to HAF at 281-582-1508, e-mail educ@haonline.org or online at www.haonline.org. Schedule and fees are subject to change without prior notification. Notice of cancellation is required two days in advance to receive a refund less a $10 administrative fee per registration; payment will be considered nontransferable at this time. Because of guarantees at hotels, restaurants and other venues, all pre-registered no-shows will be billed. For admittance into HAA/HAF events, payments will be required at the door if not received prior to the event. The Houston Apartment Foundation does not discriminate on the basis of race, color, religion, sex or national origin in any of its education programs. Register online with a credit card at www.haonline.org.
Market Woes Slow

NMHC survey reveals that the downturn in the apartment market persists but that the pace of decline is decreasing.

A
partment market conditions continue to worsen, though the pace is decelerating, according to the National Multi Housing Council’s latest Quarterly Survey of Apartment Market Conditions.

While all four market indexes remained below 50 (index numbers below 50 indicate conditions are worsening; numbers above 50 indicate conditions are improving), they all rose from three months ago. In particular, about half of respondents thought conditions were unchanged in the sales volume, equity finance, and debt finance markets.

“This global downturn has led to the most challenging economic conditions in at least five decades, and the apartment industry is suffering like other industries,” said Mark Obrinsky, NMHC’s chief economist. “Capital remains difficult to obtain, and the sharp and continuing drop in employment, in particular, is sapping demand for apartments in markets throughout the country.

“Interestingly, despite considerable media focus on the ‘shadow rental’ market, only a slim majority of respondents noted greater competition from condos and single-family rentals than in previous years.”

HIGHLIGHTS OF THE SURVEY RESULTS
• The Market Tightness Index, which measures changes in occupancy rates and/or rents, rose to 16 from 11 last quarter. Nevertheless, 73 percent of respondents said markets were looser (meaning higher vacancy and/or lower rents). While this was the seventh straight quarter in which the index has been below 50, the low reading may partially represent normal seasonal weakness.
• The Sales Volume Index rose from 12 to 30, the highest level in seven quarters. Over half of all respondents (52 percent) noted that sales volume was unchanged from three months earlier, while 43 percent indicated sales were lower. Although this was a far smaller figure than in the six previous quarters, this was the 14th consecutive quarter the index has been under 50 (an indication of declining sales).
• The Equity Financing Index increased from 12 to 29. Forty-seven percent of respondents thought equity financing conditions were unchanged, the highest such response in seven quarters. Roughly the same share (46 percent) considered equity financing conditions worse than three months earlier – also the best reading in almost two years. This was the eighth consecutive quarter with an index reading below 50.
• The Debt Financing Index rose from 26 to 41, with 14 percent of respondents reporting that now is a better time to borrow than three months earlier. That compares with 33 percent who think debt financing conditions have worsened. More than half (53 percent) said debt finance was unchanged. This was the eighth straight quarter with an index reading under 50.

In a special fifth question to NMHC’s Quarterly Survey, one-third (33 percent) said such competition was unchanged.

Another 4 percent thought there was less capital remains difficult to obtain, and the sharp and continuing drop in employment, in particular, is sapping demand for apartments in markets throughout the country.

FULL SURVEY RESULTS
The April 2009 Quarterly Survey of Apartment Market Conditions was conducted April 20-27, 2009; 79 CEOs and other senior executives of apartment-related firms nationwide who serve on NMHC’s Board of Directors or Advisory Committee responded.

IRS CLARIFIES RULES FOR UTILITY PAYMENTS ON TAX CREDIT PROPERTIES
NMHC and NAA applaud guidance issued by the IRS on May 5 concerning utility allowance calculations on Low-Income Housing Tax Credit properties that submeter.

GOOD NEIGHBOR NEWS
The Mint at Dairy Ashford Apartments and several community partners hosted an outreach fair for residents in March. Houston City Councilman M.J. Khan and State Representative Kristi Thibaut (District 133) sponsored the event. The property helped out with logistics and offered drawings for a discount on one month’s rent to encourage participation. Texans Together, a group that advocates for educational and economic opportunities, received grant funding from the City of Houston’s Health Department to offer services at the event, which served more than 200 families.

Various organizations attended the community fair, including Alief Young Life, Texans Together, Unified HOODS, Work Re-Entry Program, Institute For Sustainable Peace, 92.1 FM Praise, 97.9 FM The Box and about 15 other organizations. HAA congratulates The Mint on a successful community outreach effort! Share your community’s good work by sending a note to media@haaonline.org.
At our urging, last July the IRS issued regulations changing the way rents are adjusted on LIHTC properties where residents pay for their own utilities. The changes allowed property owners to use more accurate data to calculate resident-paid utilities.

“These changes were very important to the nation’s supply of affordable housing,” said David Cardwell, NMHC vice president of capital markets. “Rents on LIHTC properties are reduced by the amount a resident pays in utilities. Before last year’s changes, the methods the IRS was using to estimate resident utility costs tended to overestimate them. This, in turn, reduced the gross rent received by property owners and was threatening the financial viability of many LIHTC properties.

“Unfortunately, the 2008 regulations included a provision that fundamentally changed an owner’s ability to submeter. Specifically, they stated that only utilities directly paid by the resident to the utility company can be included in the utility allowance.”

This new IRS guidance confirms that utilities paid by a renter on actual consumption in a submetered property count as resident-paid utilities under the utility allowance regulation.

“This is good news for apartment renters and for apartment owners,” said Cardwell. “By helping to ensure sufficient operating capital for these properties, the rules preserve a critical source of affordable housing during an economically challenging time.”

The IRS’s 2008 regulations and the clarification, Notice 2009-44, are available at www.nmhc.org/goto/4821.

Based in Washington, NMHC is a national association representing the interests of the larger and most prominent apartment firms in the United States. NMHC’s members are the principal officers of firms engaged in all aspects of the apartment industry, including owners, developers, managers and financiers. Nearly one-third of Americans rent their housing, and over 14 percent live in a rental apartment. For more information, contact NMHC at 202-974-2300, by e-mail at info@nmhc.org, or visit NMHC’s Web site at www.nmhc.org.

If you have a government or media affairs question, call HAA at 713-595-0300 and ask the receptionist to direct your call to one of our staff members who can answer your questions and help you resolve the issue.
Safer Swimming

HAA and the YMCA again join forces to reach out to parents and children with the Water Wise program.

Drowning, the second leading cause of accidental death among children, is also the second leading cause of accidental death among adults.

Summer has arrived, and so has the third annual Water Wise partnership between HAA and the YMCA of Greater Houston. The partnership seeks to combat drowning through the YMCA’s Water Wise initiative. Twenty children have drowned in Texas so far this year, and half of those drownings have occurred in Houston. Drowning, the second leading cause of accidental death among children, is also the second leading cause of accidental death among adults.

“Unfortunately, 10 children in our area have already been victims of drowning this year. All too often, these tragedies are the result of lack of parental supervision or swimming education for children,” said Beth Van Winkle, HAA president. “I encourage properties to take part in the Apartment Splash program to help both parents and children learn how to be safer in and around the water.”

WHAT IS WATER WISE?

Water Wise is a multifaceted awareness campaign designed to educate the community about drowning prevention, particularly targeting children and families in low-income neighborhoods. The program includes swim lessons at area apartment properties, a traveling speakers bureau, a television and billboard public service announcement campaign, educational materials, a Web site with water safety tips, CPR information and swim lesson schedules.

The Apartment Splash program is an integral part of the Water Wise program. Properties interested in taking part in Apartment Splash pay $600 and receive one week of on-site swim lessons with trained lifeguards for as many children on the property as wish to take part.

One component of the program teaches children to swim, float and survive in the water, and another is geared toward teaching parents to watch their children in the water. Participants will also receive water safety handouts, toys and other giveaways as part of the program.

Spaces are very limited, so don’t delay – contact Kristine Meyerson with the YMCA at kristinem@ymcahouston.org or 713-353-5207 to sign up today!

Billboards in English and Spanish will be posted throughout the Houston area during the months of June and July as part of the Water Wise partnership. The billboards remind parents to watch their children around the water and feature HAA and other partner logos. (See sample image at left.)

DROWNING FACTS

Drownings claim the lives of nearly 3,000 people every year. Children 4 years of age and younger have the highest drowning death rate. Most drowning and near-drowning accidents happen when a child falls into a pool or is left alone in the bathtub. Even a near-drowning accident can have lifelong consequences. Children who survive a near drowning may have brain damage; after four to six minutes under water, the damage is usually irreversible.

Last year, thousands of people learned about water safety through the YMCA Water Wise initiative. Aquatics instructors and lifeguards taught swimming lessons to more than 800 children in local apartment properties, and the speakers’ bureau provided water safety presentations to thousands more adults and children across the greater Houston.

Please check www.haaonline.org, www.safeinmyplace.org or www.ywaterwise.org, for the latest information on water safety. In addition, keep an eye out for e-blasts from HAA with the latest water safety tips and guidance.

HAA also has information available about the new federal requirements for pool drain cover retrofits under the Virginia Graeme Baker Act on the HAA Web site. If you have questions about water safety programs or laws related to pools, please contact Andy Teas at atees@haaonline.org or at 713-595-0303.
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If your property is an HAA member in good standing, you are eligible for immediate credit standing of up to $5,000, with 30-day billing privileges.
The Houston Apartment Association is teaming up with the Alliance of Community Assistance Ministries to collect school supplies for underprivileged children in the Houston area. Through this project, HAA will help serve the more than 10,000 children who visit ACAM agencies for assistance with school supplies. HAA’s Community Outreach Committee is spearheading this collection drive.

“Many of our residents are feeling the pinch of the tough economic times that our community is facing,” said Kathy Clem, community outreach committee chair. “This drive is a great opportunity for us to support agencies that support our renters with utility assistance, food, clothing and, of course, school supplies.”

WHAT WE NEED
HAA needs your help with this collection. We need both owner/management members and suppliers to help in collecting the following top 10 school supplies desperately needed by area children:

• No. 2 pencils
• Composition notebooks (wide-ruled)
• Washable markers (broad tip)
• Glue sticks
• Loose leaf paper (wide-ruled)
• 16-count crayon packages
• 12-inch plastic rulers
• Facial tissues
• Erasers
• Blunt/safety scissors

In lieu of supplies, donations are greatly appreciated. A small amount can go a long way:

• For $5, you can provide a child with pencils, an eraser, a notebook, a ruler, a package of paper and scissors.
• For $10, you can provide a child with all of the top 10 school supply items listed above.
• For $25, you can provide more than 35 children with crayons.
• For $50, you can provide more than 600 No. 2 pencils.

For donations, we accept checks only, please, made payable to the Houston Apartment Association.

OWNERS AND MANAGERS
We encourage you to have school supply drives on your property. Please plan to collect newly bought school supplies and/or checks in your leasing office or another appropriate space from June 1 through July 31. Please drop off the collected supplies at a designated collection site (see list at right).

If you have residents who are in need of school supplies or other social services, encourage them to contact one of the ACAM agencies listed on the promotional flier available for download from the HAA Web site at www.haaonline.org (see facing page).

In order to maximize participation in the school supply drive among your residents, we suggest the following tips:

• Provide your residents with grocery bags (often you can get these donated free from local stores) and attach the flier to them. Deliver the grocery bags and fliers to each resident’s door, then collect them on a designated date.
• Challenge your residents to see which building or group of units can collect the most supplies. Prizes could be offered to winners.

SUPPLIERS
We encourage HAA supplier members to have school supply drives at your business from June 1 through July 31 and/or encourage your customers to do so, too. Please drop off your supplies at a designated collection site.

OUR PARTNERS
ACAM member agencies who will benefit from this school supply drive include Catholic Charities of the Archdiocese of Galveston-Houston, East Fort Bend Human Needs Ministry, Epiphany Community Health Outreach Services, Emergency Aid Coalition, Humble Area Assistance Ministries, Interfaith Caring Ministries, Katy Christian Ministries, Memorial Assistance Ministries, My Brother’s Keeper, St. Vincent’s House, Wesley Community Center and West Houston Assistance Ministries.

For additional details, please contact Susan at 713-595-0313 or shinkle@haaonline.org.
The Houston Apartment Association and your apartment community are teaming up with the Alliance of Community Assistance Ministries to collect school supplies for children in the Houston area. There is a desperate need for the following top 10 school supplies:

- No. 2 Pencils
- Composition notebooks (wide-ruled)
- Washable markers (broad tip)
- Glue sticks
- Loose leaf paper (wide-ruled)
- 16-count crayon packages
- 12 inch plastic rulers
- Facial tissues
- Erasers
- Blunt/safety scissors

If you can’t buy supplies, donations* are greatly appreciated. A small amount can go a long way:

- For $5, you can provide a child with pencils, an eraser, a notebook, a ruler, a package of paper and scissors.
- For $10, you can provide a child with all of the top 10 school supply items listed above.
- For $25, you can provide more than 35 children with crayons.
- For $50, you can provide more than 600 No. 2 pencils to children.

* Checks only please, made payable to the Houston Apartment Association.

Managers: Promote the drive to your residents. Download and print this flyer in English or Spanish from www.haonline.org or contact shinkley@haonline.org for more information.
Efforts that make your property feel like a close-knit neighborhood will help you retain residents year after year.

By MATTHEW SUMMERS, Kaplan Management Co.

In today’s multifamily environment, residents are looking for more than a place to hang their hats. They want more than just an apartment in exchange for their rent. Most residents are looking for a community – the neighborhood atmosphere of yesteryear. In addition to a nice, safe place to live, residents want social opportunities – events, parties and other gatherings. While they may not attend all of these activities, they still want them to take place. As with many amenities, residents simply want them at their disposal.
Retention Strategies

To foster a sense of community among residents, conventional wisdom has the management staff hosting activities that can include anything from a pizza party to an annual barbecue. Seasonal parties are sometimes tossed into this mix, but as a general rule, events take place on a monthly or bi-monthly basis. However, many managers believe their limited marketing and property promotional budgets are better spent on advertisements and other vehicles to drive people to the property. When expenses need to be cut, these residential activities are viewed as extras, not necessities. Thus a strategy that initially attempts to retain residents by fostering a sense of community can degenerate into one in which residents are retained by being “extra nice.”

This is a mistake and can be devastating to a property. Residents can become dissatisfied, and the number of notices will rise. More concessions will be made to stave off move-outs. If turnover increases, the costs associated with making units rent-ready increases. In short, performance can suffer, and what was seen as a way to reduce expenses can, in effect, increase them a hundredfold.

MARKET YOUR RESIDENTS

Resident retention activities are not only vital for existing residents, they also serve as a tremendous marketing tool for a well-trained staff. Weekly resident events – and the community spirit that they promote – can become the one factor that distinguishes one property from another.

Imagine a leasing consultant asking a prospect, “What are you doing Saturday? Any plans? We’re having a pool party here, and we’d like you and your family to come. It’ll be a blast! We’re having hamburgers, hot dogs, chips and sodas. We’ll have music, and the pool will be open, so why not bring your family and some friends and join us? It’s for residents, but this would be an excellent chance for you to meet some of the people who live here and check us out.”

Or what about telling a prospect, “Any plans for Tuesday? We are having our Taco Tuesday, where we cater dinner for our residents. Why not stop by with your husband and kids, eat dinner with us, tour the property, rub elbows with some residents and really give us a hard look?”

What better time for a prospect to walk into your community than when your staff is hosting a resident activity? The residents who attend these activities are typically very friendly with the staff, like the community and will do their part to tell prospects how much they love the property. Isn’t this exactly what we are trying to convince prospects that we have? Isn’t this the sense of community they seek?

MAKE YOUR RETENTION EFFORTS WORK DOUBLE TO BRING NEW LEASES

Leasing consultants should be armed with a schedule of weekly events. Every prospect who crosses the threshold of the business office should be invited to these activities. These events not only establish the sense of community desired by existing residents, they serve as an example of what future residents may expect from the property.

In these tough economic times, when stewardship of assets is subject to increased scrutiny, managers need to look outside the cookie-cutter management techniques that have been cloned throughout our industry. Innovation and vision are needed at times like this. Unconventional results arise from unconventional efforts.

Matthew D. Summers is president of management for Kaplan Management Company. Kaplan has managed multi-family properties and owned, operated, renovated and developed projects for 30 years, specializing in fee management, development as well as acquisitions. Current holdings stretch across Arkansas, Texas, New Mexico and Arizona. For details, visit www.kapcorp.com.

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Over the past six months, the Houston area has been subjected to two major calamitous events – Hurricane Ike and the economic recession. In a way, it is as if Hurricane Ike took Houston’s apartment market and deposited it in the land of recession. The effects of the storm have largely passed, leaving the market to navigate the road back to better economic times with opportunity and ruin around every corner.

It will take all the brains, courage and heart that the industry can muster to deal with the bankruptcies and foreclosures that are sure to occur over the next 12 months. The Dorothy-esque heading and the Oz-like comparisons above are not intended to trivialize these events but more to say that as much as this seems like Oz, it is not, and there is no place like Houston.

A hurricane, a recession and REOs create a challenging whirlwind of activity for the multifamily housing market, but there’s still no place like Houston when it comes to the apartment business.

By BRUCE McCLENNY, Apartment Data Services Inc.
IKE’S EFFECTS

Hurricane Ike blew through Houston on September 13, 2008, and just like the results of a government bailout program, winners and losers emerged. The losers were properties that suffered structural and water damage. The winners were those properties that somehow escaped with relatively little damage and were able to lease to the residents displaced from the damaged properties. Certainly, Galveston-area properties took the brunt of Ike’s fury and damage – at least 25 percent of the area’s properties were destroyed.

A hurricane surely brings financial hardships, but in a perverse way, a hurricane improves fundamentals. The graph below shows how the Houston market has performed since the fourth quarter of 2006 and captures how Hurricane Ike positively impacted rent levels in the third and fourth quarters of 2008.

Rent is quoted on an effective basis, derived by deducting the pro-rated effect of concessions from the street or market rent. Notice how rent levels progressively improved from $707 in June 2008 to $717 in September to $725 in December. This strong move in rent was triggered by a large number of displaced single-family and apartment residents leasing every available apartment immediately after Ike passed through. Added to this leasing frenzy were insurance adjusters, workers and contractors coming to town to assist in the cleanup and needing a place to stay.

All this leasing activity prompted properties to reduce the number of concessions. Prior to September, 54 percent of all communities offered some form of a concession. By the end of September the number of properties offering a concession had eased to 48 percent of the supply, and by November the number of communities offering a concession was 45 percent of the supply.

Just as Ike was roaring through Houston, the recession was beginning to show signs of arriving in Texas. Throughout 2008, job growth in Texas was slowing. At the beginning of 2008, most of Texas’ met-

<table>
<thead>
<tr>
<th>As of April 30, 2009</th>
<th>Supply</th>
<th>Occupancy</th>
<th>Rent</th>
<th>Absorption (Units)</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12 Months</td>
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<tr>
<td>'08 &amp; '09 Construction</td>
<td>27,330</td>
<td>40.1%</td>
<td>$1,081</td>
<td>$7,489</td>
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<td>Class A (w/o '08 &amp; '09)</td>
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<td>Class B (w/o '08 &amp; '09)</td>
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<td>$739</td>
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<tr>
<td>Class C</td>
<td>209,933</td>
<td>85.7%</td>
<td>$570</td>
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<tr>
<td>Class D</td>
<td>33,560</td>
<td>82.0%</td>
<td>$385</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Overall</td>
<td>561,289</td>
<td>85.7%</td>
<td>$722</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

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Spring 2009 Occupancy & New Construction Survey
ropolitan areas were experiencing job growth better than 3 percent. By September, the state's job growth had been halved. In response to the slower job growth, rent levels were in retreat during the fourth quarter in Austin, Dallas and Fort Worth. San Antonio fared a little better with flat rent levels. Hurricane Ike gave Houston's apartment rent levels a boost when otherwise they would have probably behaved like the other Texas markets.

With all the leasing activity associated with Ike, it would be reasonable to expect that occupancy would improve during the fourth quarter of 2008. However, overall occupancy throughout 2008 was overwhelmed by the quantity of new supply as developers introduced more than 20,000 units of new construction. The fourth quarter's contribution to new supply was near 8,600 units.

Normally, when occupancy levels are stunted by new supply and hover well below 90 percent, rent levels respond in a flat to negative manner. The disconnect between rent and occupancy levels during 2008 when rents were moving up and occupancy was moving down can only be explained by the slowdown in single-family home sales caused by the subprime lending crisis. The higher qualification standards to buy a home translated into stronger demand for rentals and kept more people renting longer.

Now that the leasing rush of Ike has subsided, with homeowners moving back into their repaired houses and the recession digging deeper, overall rent levels have moved slightly lower from the $725 high recorded in December 2008 to $722 at the end of April 2009. Occupancy has moved even lower during the first four months of 2009 to 85.7 percent, driven by the relentless introduction of new supply of approximately 7,350 units.

It will take all the brains, courage and heart that the industry can muster to deal with the bankruptcies and foreclosures that are sure to occur over the next 12 months.

OVERALL PERFORMANCE ANALYZED BY CLASS

The table at left provides a snapshot of conditions by class as of the end of April. This table breaks out the performance of each class and shows how each segment contributed to the overall market's performance.

The 12-month growth trend for overall rent is a respectable 3.2 percent and is highly influenced by rent movement between May and December 2008. As you can see, the overall three-month
The trend has turned negative. This trend is annualized, and the table assumes that this trend will continue for the next nine months. It is somewhat surprising to see how quickly and sharply the market has turned during 2009 despite a very good absorption performance of 3,091 units.

NEW CONSTRUCTION

The new construction units delivered in 2008 and 2009 have been filtered out of classes A and B to create a separate classification. Since 2008, a whopping 27,330 units have been introduced into supply, of which approximately 20,000 units are attributable to 2008 and more than 7,000 units to 2009. These properties are in various stages of lease-up, which accounts for the low occupancy level of 40.1 percent. The rent levels of new construction on a cents-per-square-foot and dollars-per-month basis are less than stabilized Class A. Generally, the rent levels of new construction properties are higher than the stabilized Class A product. However, because of the relatively large component of Class B tax-credit units in the new construction category, rent averages are lower than that of Class A. Rent trends for this group cannot be accurately calculated due to the volatility caused by the continually increasing number of units being introduced.

CLASS A STABILIZED

Taking the new construction units out of Class A provides a stabilized analysis of this product type. Class A is in distress, as the 12-month trend is negative. In other words, the current rent level is 1.4 percent less than it was 12 months earlier. To make matters worse, the three-month trend has ballooned to a negative 9.9 percent. As the economic outlook worsened during the fourth quarter of 2008, creating a local job loss expectation for 2009, performance anxiety increased within this class. Facing a market with job losses and more than 27,000 units in lease-up with another 15,000 more units poised to be delivered during 2009, Class A properties decided to buy occupancy fast with concessions. In November, 46 percent of all Class A properties offered some type of con-
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2 ea. 2-Stage Vacuum Motor
160' Water Lift
100 PSI Pump
10 gal. Waste Tank
12' Stainless Steel 1-Jet Floor Wand
Chemical Package

SILVER PACKAGE: $1,999
1 ea. Cord System
50 ft. Vacuum Hose
50' Solution Hose
2 ea. 2-Stage Vacuum Motor
180' Water Lift
100 PSI Pump
15 gal. Waste Tank
12' Stainless Steel 1-Jet Floor Wand
1 ea. Upholstery/Steam Tool
1 ea. Pre-Spray Gun
1 ea. 30 gal. Container w/Dolly
1 ea. Micro Fogger
1 ea. Carpet Blower
1 ea. Steamer Red Beverage
Chemical Package

GOLD PACKAGE: $2,299
2 ea. Cord System
50 ft. Vacuum Hose
50' Solution Hose 3000 PSI
2 ea. 3-Stage Vacuum Motor
235' Water Lift
150 PSI Solution Pump
15 gal. Waste Tank
12' Stainless Steel 1-Jet Floor Wand
1 ea. Upholstery/Steam Tool
1 ea. Pre-Spray Gun
1 ea. 30 gal. Container w/Dolly
1 ea. Micro Fogger
1 ea. Carpet Blower
1 ea. Steamer Red Beverage
Chemical Package

PLATINUM PACKAGE: $2,999
2 ea. Cord System
100 ft. Vacuum Hose
100' Solution Hose 3000 PSI
2 ea. 3-Stage Vacuum Motor
235' Water Lift
400 PSI Solution Pump
Fresh Water Tank
12' Stainless Steel 1-Jet Floor Wand
1 ea. Upholstery/Steam Tool
1 ea. Pre-Spray Gun
1 ea. Micro Fogger
1 ea. Carpet Blower
1 ea. Steamer Red Beverage
Chemical Package

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cession, reducing their market rents by 6.6 percent. By the end of April 2009, 70 percent of all properties were offering a concession, reducing market rents by 10.5 percent. Anecdotally, another factor that weighed heavily on the contagion of concessions in this class was that new construction properties began to offer two and three months free.

It is hard to say whether Class A’s plan to buy occupancy worked. Of course, each property experienced varying degrees of success, but as a group, Class A had net move-outs as evidenced by the negative absorption of 766 units for the first four months of 2009. Overall occupancy reached 92.3 percent in November and then slowly settled to 91.2 percent by the end of April. It is not unusual for the first quarter of any year to be slow leasing-wise. Chances were good for this class of property to produce negative absorption during the first quarter of 2009, considering there would be an Ike leasing correction and that the 12-month change in jobs for the Houston-Sugar Land-Baytown metropolitan area at the end of March registered a loss of 14,400 jobs.

CLASS B STABILIZED

Newly constructed tax-credit properties create exceptions in a classification system of apartment product. These properties have features and amenities of Class A and price levels of Class C. Because of this mixed identity, these properties are classified as Class B. Taking these new construction properties that represent about 9,000 units out of Class B makes a stabilized analysis possible. The overall occupancy level at the end of April was 90.3 percent but climbed as high as 90.7 percent in December. Class B occupancy has seen very little movement over the past 12 months as evidenced by the narrow range of absorption indicated in the 12-month and three-month categories in the table on Page 36.

The 12-month trend in rent is a very respectable 3.0 percent; however, just as in Class A, concessions are beginning to grow. In November, 41 percent of all Class B properties offered some type of concession, reducing their market rents by 7.2 percent. By the end of April, 53 percent of all properties were offering a concession, reducing market rents by 7.5 percent. This increase in concessions has resulted in a negative 2.9 percent annualized trend over the past three months.

CLASS C AND CLASS D

In terms of rent growth, Class C is the best performer of all, coming in with a 12-month trend of 3.3 percent and the only positive three-month trend of 1.6 percent. Class C’s performance has run counter to the other classes in that Class C participated minimally in Ike leasing and then received the most leasing action as the recession grew deeper in the first four months of 2009. The very positive absorption performance of 1,139 units for the first four months of 2009 parallels the much-reported trend of “trading down” during this recession. Is it possible that renters are now more interested in leasing a lower-priced alternative just as consumers have been more likely to shop at Marshalls and TJ Maxx instead of higher-priced mall shops?

Class D turned in its usual uninspiring performance of negative rent growth and flat absorption.
LOOKING AHEAD

Back to the yellow brick road, otherwise known as the road back to better economic times. The journey begins with an inevitable job loss scenario for 2009. The Greater Houston Partnership has forecast a loss of 45,700 jobs for 2009. With three months in the books for 2009, the 12-month change on jobs for the Houston-Sugar Land-Baytown area is progressing towards the partnership's forecast. So far 14,400 jobs have been lost. Decreased job growth is not a good situation for new supply to be introduced. Thankfully, the bulk of Houston's apartment construction over the past two years is in lease-up. The total number of units under construction over the past two years adds up to around 36,000. More than 27,000 of these units are in lease-up and are 40.1 percent occupied. This leaves about 9,000 units under construction that will be delivered this year.

The single-family home market will continue to suffer throughout 2009. According to MetroStudy, a local company that closely follows the single-family market, new home starts in the 12 months ending in March declined by 35 percent. In addition, existing home sales continued to decline as reported by the Houston Association of Realtors in its April press release, which states that overall property sales fell 18.9 percent in March 2009 as compared to March 2008.

The single-family industry's lament is the apartment industry's saving grace in terms of demand. Granted, demand for housing will be limited in 2009 with job losses mounting. However, any demand for housing over the next year will be biased toward renting.

Overall occupancy by the end of the year will, best case, remain flat at 85.7 percent. It will most likely move slightly lower as those 9,000 units of new construction come into supply and absorption for the year registers between 8,000 to 9,000 units.

Overall rent levels are already dialed in to decline by 2.1 percent. The most pressure for rent level declines has come from Class A and the new construction product. These product classes are almost “all-in” in terms of the percentage of properties offering a concession – 70 percent – and the impact on market rents, negative 10.5 percent.

See LOOKING AHEAD, Page 71
### NOW LEASING as of May 2009

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* = Affordable Housing  ** = Senior Housing

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| Total (75 properties)                   | 20,887|


## UNDER CONSTRUCTION as of May 2009

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Total (33 properties) 8,774
PROPOSED CONSTRUCTION as of May 2009

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<td>West Memorial/Briar Fst</td>
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<td>Cutten Rd Site/Sueba</td>
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<td>FM 1960 W/Champions</td>
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<tr>
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For more information about the list data, contact Bruce McClenny via e-mail at bruce@apartmentdata.com.
In these turbulent economic times, what’s next? Our panel sees continued occupancy loss to the single-family market and now warns of the effects of foreclosures within the multifamily industry itself.

Compiled by RACHEL ZOCH, HAA Staff

This marks the third year that ABODE has invited a panel of property management veterans to discuss the local effects of the credit crunch and troubles in the national housing market. Houston remains fairly insulated from the foreclosure woes of the rest of the country, but the effects of the buying frenzy of the past decade will soon pose a familiar set of challenges as lenders begin to reclaim distressed assets.

Now that the foreclosure issue is starting to affect multifamily properties, what have you all been seeing?

Kyle Brown: We haven’t been foreclosed on! As far as other communities go, properties, I know we’ve had some in town that have been foreclosed on, but I don’t have any that are in a market near where mine are. Well, I take that back, I do have some over there off Pinemont/Antoine. I know there were some on North Antoine that have probably been foreclosed on because that’s a whole hot bucket going on over there. But other than that, I haven’t really seen any in the markets that I’m in, and I still haven’t really

Other The Shoe

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seen that many people with foreclosures on homes coming into our communities. I’m still losing more people that are finding deals on foreclosure purchases and moving out because they can get good financing right now, basically no interest rate, and the foreclosures are a great deal.

Sue Ramsey: Along the 290 corridor, there seems to be a substantial amount of people that have been moving out due to, I guess, new product but also primarily to foreclosures where they can get a really good deal, and they’re running on fixed-rate mortgages on a 30-year at like 4 percent or under on a fixed-rate mortgage, and they just don’t feel like they can afford to turn that down. They’re willing to break a lease, hoping that it won’t hurt them in the future.

Brown: Company-wide, in the first quarter we had 14,767 applications, and out of those, 350 of those had foreclosures on their records. It doesn’t mean they were necessarily denied because of those – 2.4 percent were denied that had foreclosure on their record. It says, “denied due to foreclosure,” but we don’t have just foreclosure as a denial criterion, so it had to have been other things in addition to that. As far as the Houston area goes, in the same first quarter, we had 2,934 applications, and 25 of those had foreclosures. … It was 2.4 percent company-wide and only .9 percent in Houston.

That’s interesting, because the recent articles I’ve read show the opposite – the psychological effect of the credit crunch is that nationwide, people are afraid to go buy houses. It seems like that’s more in those markets where the prices were so inflated as opposed to this area, where prices stayed fairly steady. Would you say we’re insulated from some of the worst of the economic problems?

Ramsey: We have been insulated because of the oil corridor. The one thing we have seen is a lot of people who would have been an influx of engineers coming in from Royal Dutch Shell or wherever, they might be coming in from overseas, that that’s been stopped for right now. But some of the jobs are opening back up, so you’re staring to see some of those people trickle back in that would have been here from overseas that would have helped our market.

But I think you’re seeing people who were very cautious about going out and purchasing a foreclosure, now seeing this as the one opportunity as things appear to start to be getting a little bit better. They’re a little more optimistic, and they’re stepping out there and taking that risk.

Brown: I think a lot of the … ones that are doing that are ones that were kind of afraid they couldn’t afford it before, and now because the price has dropped enough, they think, “This is my opportunity. I have to take it now or I’m not going to be able to. I’m going to be a renter for many years after this.”

Starla Turnbo: I think that there’s still an opportunity for the ones that did not go out there and buy. It’s even better now, so we are still losing people to buying homes on all of our properties, and they’re probably the ones getting the better deal because they’re finding lower prices, whether it’s a foreclosure or not. The prices have come down, they’re getting better financing, and there is financing available out there to a certain extent if they have good credit and they still have their jobs or whatever, so we’re seeing that people are moving out to still buy homes.

I think on the other side – people moving in – the people that we’re getting as applicants are those who’ve gone out in the past and have bought homes and maybe weren’t able to afford them, and we are seeing people coming back to us that are losing their homes. We have had a lot of applicants that went out and bought a home, they couldn’t afford it, and they are coming back now.

Ramsey: I think a lot of those people did not understand tax escrow. They do not understand HOA dues increases. There are a lot of things that they don’t take into account when they’re purchasing a home. Not to mention that your property taxes get reassessed and that thevaluations get reassessed as well.

Turnbo: And there’s insurance in Harris Country after the hurricane and everything that they’re having to now pay more for than they did in the past, so their expenses have really gone up, and they’re finding that they can’t afford that home that they thought that they could. So they’re coming back to apartment living, which is a lot more economical.

Ramsey: Our overwhelming majority of the people that are leaving, across the board, would be for home purchases or condo purchases. … It’s homes, it’s job transfers or job loss, and we are seeing a few more skips than we had seen previously from people who have just lost their jobs and just put the keys in the mail drop and walked out.

Brown: I have seen more of the financial loss, whether they’ve lost a job and they’re moving back in with their families or getting transferred out of town in order to keep a job. It’s not necessarily the whole foreclosure thing.

On foreclosure, I have seen people that have turned in notice because they’re trying to buy a house on a foreclosure, and
their financing doesn't go through. ... I have had people who were going to move to buy a home and ended up staying and renewing because they couldn't get the financing on the house. ... As long as we haven't rented it, we'll take them back and give them the same offer we had before.

We're still pushing rent increases on renewals. I know a lot of people have really pulled back on those. We're still doing those. If somebody is on notice and we've kind of contacted them first to get them renewed, sometimes we might kind of back off on those a little bit just to kind of reduce exposure a little bit. But most of those that have bought houses, you can't talk them into staying unless the deal falls through.

Ramsey: I think what we see on our end of it is there is so much new product out on the market that is giving three months free, four months free. ... It's pretty staggering, and people – even though they have to walk over nails, they have to walk over whatever and all these construction people and an absolute nightmare trying to get moved in, they're willing to do it simply because of the financial need. We are seeing that, and just the new product that's out there on the marketplace that has the financial ability to give the concessions is really affecting the A product as much as anything.

Turnbo: Our properties in Houston are doing fine, occupancy-wise. We're staying in the mid-90s, and we're able to get rent increases on all of our renewals. Austin is a different market right now. They're seeing a softer market, and I think Dallas is a little bit softer as well, but I think that that has a lot to do with the housing market in Austin and Dallas and more foreclosures in those areas than we have in Houston. I think the Houston housing market is a lot stronger than most housing markets, even in Texas and some other parts of the country. I think that we haven't experienced the rate of foreclosures that the other parts of the state and other parts of the country have experienced. ....

I'm concerned about what's going to happen with our multifamily in foreclosure because of everyone who came in and bought at such higher prices and the 1031s and people that really came in and bought one property at a time as opposed to bought portfolios, maybe, and they weren't sure how about to operate those properties coming in from out of state, and they overpaid for them.

So I think our foreclosure issue is going to be a bigger problem in retail – in the shopping centers or in the multifamily sector as opposed to single-family – and how that is going to affect us as an industry, having the entire property go into foreclosure and having poor maintenance and bad management or things put into receivership and transition and that type of thing and how that affects an entire market or people who are good operators next to a foreclosed property or a property that's in bankruptcy or whatever it is. I think that that's going to be a bigger issue than having to deal with the foreclosures of the single-family homes.

Ramsey: I agree, and I think that it's a trickle-down effect ... but I think the most surprising is still the amount of new multifamily that has gone up all over this city. I mean, everywhere you look, it's there. It's brand-new, it's under construction – they don't even have the roofs on yet. ... They're still in the framing process, and you just wonder, where is the absorption going to come from? At what point is there a moratorium on not building anymore?

Brown: Well I think that's where most of the stuff we see that's new was started – well before all this happened. I think there's probably a lot that's been postponed, hasn't broken ground yet. If they've broken ground, they're trying to get finished.

Andy Teas: As lenders are foreclosing on properties, how far do you see them letting people ride before they step in and foreclose? And when they do foreclose, they seem to be getting management to competent, HAA member management companies a lot quicker than the RTC did. The RTC, back in the '80s, would just sort of sit on these things and let them rot before they figured out what to do with them. Now the lenders seem to be hiring ... somebody to step in and pick up management immediately. So when you're next door to a foreclosed property, how much difference does that make when it's handled like that?

Ramsey: I think we learned our lesson from the RTC. I don't know about you guys, but I lived through the RTC and had semis pull up with box after box stacked to the ceiling with the names of the properties that we were receiving to go manage for the RTC, and you could never get an answer out of anybody. You had roofs that were caved in, and you were just trying to preserve the asset at that point and just keep everything on the status quo, whether you did anything else with it or not. I think they learned their lesson from those RTC days, and I think they're trying very hard to not let that happen again.

I think on the foreclosure end of it, though, what you're seeing is you have properties that have bills that are significantly past due. You have vendors that are knocking on the door. I think it does make a difference as far as the type of service that they're able to perform or that they're able to purchase for the properties. That has been my observation. I don't know about you guys. I think they're trying very hard. They're trying to move on it and expedite it as quickly as possible, but I also think that it does have an impact on their ability to perform customer service to the level that they would like to be able to.

Turnbo: I think the lenders are being a little more cautious now. I know that I've just recently gone through several mortgage inspections, and the inspectors have told me that they are so busy right now with doing mortgage inspections and that they're getting calls from more mortgage companies than they ever have because they

*REO is an acronym for Real Estate Owned, a term for an asset such as an apartment property, an office building or a single-family home that has been foreclosed on and claimed by the lender.
want to know what's going on out there on the properties, which is good. ... I think that the lenders are trying to be proactive in knowing what's going on and not waiting until it's too late, but once a property goes into foreclosure, I think that the lenders are trying to move on it pretty quickly and get someone in there that's going to respond and not sit on it. I don't think that they want to deal with it, and I'm hoping that's the case.

Ramsey: I think they learned their lesson a long time ago, and ... I don't think they have enough staffing to be able to handle the REO* end of the business. I know that was the case way back when in the RTCs, and there just were not enough qualified people that actually understood property management. ... That expertise was not there, and I think that today, they've probably trimmed back an awful lot of that staff that probably would have that expertise. ... Those jobs have been cut, and so therefore, they're just not really prepared on a global basis to be able to pick up an extensive amount of REO product.

Brown: I think there have probably been a lot of lenders out there that may have somebody, a fee company, managing now that they may be questioning how they're performing.  ... They're being probably a little more proactive in comparing how their property is performing (compared) to other people in the area instead of just relying solely on the information they're getting from their managing agent.

It sounds like you haven't really seen a shift in demand, because people are still finding deals on foreclosed houses, and you expect foreclosures on multifamily properties to be the next big challenge. How about rental criteria – any changes in that area?  

Turnbo: We haven't made any adjustments. I think we're seeing more denials than in the past, continuing to see lower credit scores, we're seeing more broken leases, we're seeing more criminal histories, we're seeing more foreclosures. We're seeing more applicants being denied on all of our properties – Austin, Dallas, Houston – it doesn't matter where.

Ramsey: We're seeing more felonies. It's more criminal.

Turnbo: Definitely. We're having more skips, more people just turning in their keys in the middle of the night, and I think that that's due to the economy. They're losing their jobs, or they're getting cut back on their hours or their pay or something, so they're having to move in with friends or family. It's kind of in the middle – they're either moving out to get a house, or they're moving out because they can't afford to live there any more.

Ramsey: I think a lot of these people that have been in the higher socioeconomic background are too embarrassed to tell you they've lost their job. They're just devastated, and they just emotionally cannot handle it, and the easiest way is to put the keys in an envelope and drop it through the mail drop. I do believe that. They've never been faced with this situation before. They've always been employed, they've always had good jobs, they've always been able to go out if they didn't have a job and secure a job immediately, and that has not been the case for a lot of these people, especially a lot of the engineers.
The 2009-2010 TAA Officers are installed including Houston’s own Jerry Winograd, second from left, and Suan Tinsley, far right.
It sounds like the psychological effect here is not a chilling of the homebuying pace but rather an increased number of skips by people who have lost their jobs. I read about a “pink slip protection” program that Riverstone is offering on a fee-per-month basis, kind of like renters insurance. Do you see this trend growing?

Ramsey: We’re starting a new program that we’re rolling out. It’s called an assurance program, and basically, they pay a fee up front and they don’t have to come back and go through all the bells and whistles of the 60-day notice, the cost to relet and paying back all the concessions. … There are certain stipulations, but they get a 30-day notice, they pay back the concessions and then they’re out – but they have to prove job loss. They have to be able to give certifiable proof of job loss. …

Ours is a one-time fee up front. You buy the protection up front if for some reason you think in the next year there’s a possibility that you might lose your job. … It does cost a little bit of money to get out, but not nearly what it would cost if you didn’t have it. …

I think people are more optimistic if they think that they have some type of an out, and they’re hoping that that doesn’t happen. You see a little bit more optimism, and they’re just trying to put some dollars back into the economy and get people to spend again.

I don’t see any rent growth right now. A lot of it just is vacancy loss. If you have an 85 percent occupied property, it’s hard to raise your rents. — Starla Turnbo

What’s to come? Do you expect to see rental rate growth, or will demand stay flat? What do you think we’ll see in the next six months to a year?

Ramsey: I think, personally, what you’re going to see is going to be dependent upon A, B, C or D product as to rental growth, I really do. I don’t think we’re going to see this be over until the middle of 2010, and I think you’re looking at probably the middle to the end of 2010. The rest of it depends on how much product comes back up on the market and what type of pricing. …

I’m thinking they are not qualifying people on the market rate. They are qualifying people on the discounted rate, and you’re going to see – it’s going to be pretty cyclical, and at the end of 12, 13 months, whatever it is that this lease agreement runs … You have a proforma to meet. You’ve got permanent financing you’ve got to get in on these deals.
Building Blocks

UDR’s Nancy Garivey counts her CAM as an important part of her successful multifamily career, and she intends to keep learning.

When you first meet Nancy Garivey, it’s hard to believe this petite and energetic woman has children in college and almost a decade of experience in on-site management. But don’t let her youthful appearance fool you – Garivey is a dedicated on-site veteran who prizes professionalism and customer service.

After several years in the business, she earned the Certified Apartment Manager designation to build her professional credentials, and she credits the course with helping her keep a cool head in hot situations.

“It has helped me out a lot. It has educated me,” she said. “It gave me information on how to handle certain situations and stay professional and follow through – and definitely making sure that you follow through on any situation and providing the customer service that, as a manager of a property, you should offer to your residents. After all, they are our prime, our first focus of the day – to make everyone happy.”

Working Her Way Up

Garivey began her career as a part-time leasing consultant and soon became the manager of a smaller property in the suburbs. She worked her way up through the ranks and took on the role of community director at UDR’s The Bradford Apartments in Webster just in time for Hurricane Ike.

“I was here probably a week,” she said, laughing. “That’s exactly what they said – ‘Wow, we brought you over just in time for Ike.’”

But it was a sort of homecoming for Garivey, as she had been the property’s assistant manager a few years earlier. She is happy to be reunited with familiar faces and plans to encourage her leasing manager and assistant manager to pursue the CAM designation.

“They’re excited about it and wanting to move forward in getting their CAM as well and getting involved a little more,” she said. “I think it’s a great course. I encourage them to take it. I think it’s awesome that you guys are able to offer that program. I think it’s only making our industry stronger. I think it’s very educational for anyone who wants to pursue their career in this industry for a long time, and I definitely promote it.”

A Professional Education

Garivey and her siblings were the first generation of their family to finish high school, and she stresses the importance of education to her children as well as to her employees.

“I’m not ashamed to say all I have is a high school diploma,” she said. “I got into the business, and just knowledge and learning from classes like my CAM and all of the classes that the HAA offers has allowed me to build my knowledge in this industry and has gotten me where I’m at today.”
A graduate of the Extreme CAM course, Garivey recommends the accelerated version for anyone hesitant to commit to earning his or her CAM because of time constraints.

“I think it’s great for people who don’t really have a lot of time to take off from their offices,” she said. “... It was tough – there’s a lot of studying, but I think it benefited us who were going through the course to be able to take it that quick and get done with it.”

Now she plans to finish the Certified Apartment Property Supervisor course to further build her knowledge base.

“I think education is very important,” she said, “and I believe anyone in this industry who is able to heighten their knowledge through all the opportunities that the HAA and other organizations offer should.”

Garivey has come a long way from that first part-time leasing job, and she is definitely not finished.

“I’ve just worked my way gradually, and to sit here today, I’ve come a long way, she said. “... I think people who get in this industry who like it will be in it for a long time. People who just come to this industry for a job – they’re going to be miserable. They won’t be happy.”

Garivey is in it for the long haul and she is committed to providing the best possible service to her residents.

“It’s just giving that extra 100 percent,” she said, “going above and beyond for the residents and providing that customer service, because now these days, there are properties on every corner. I think what we tend to forget behind the chair is that if we don’t offer or give them the quality of service that they feel or deserve that they need, they’re going to go right next door and get it somewhere else.”

I believe anyone in this industry who is able to heighten their knowledge through all the opportunities that the HAA and other organizations offer should.
It’s not business as usual

More fun during the 2009 Membership Campaign Drive

Photos by MARK HIEBERT, Hiebert Photography

Thank you to Sonny Unverzagt, Best Plumbing, for sponsoring Meeting #2.

Thanks to Beth Rohani, Ameritex Movers, for sponsoring Meeting #2.

Thanks to Amber Harris, Resident Data, for sponsoring Meeting #3.

Thanks to Alan Jones, ICI Paints, for sponsoring Meeting #3.

Suan Tinsley, GFI Management, and Tony Whitaker, FSI Construction

David Koenig, Camp Construction Services, and Eileen Subinsky, Michael Stevens Interests.

Renewing members Jason Jinks and Becky Khan, Star Insurance

Debbie Sulzer, Francis Property Management, and Theresa Lamar, Liberty Personnel/Executive Search

Angie Lavrack, Southampton Management; Jason Lavrack, Maintenance Supply HQ; and Nichole Oldfield, Hardman Signs

Quintina Smith, Milestone Management, and Karen Nielsen

Carina Bryan, Greystar; Kenyon Carroll, Maintenance Supply Headquarters; Robert McDaniel, FSI Construction; and Lydia Conn, Asset Plus
Don’t miss these campaign recruiting events:

6th Meeting
Wednesday, June 3
11:30 a.m. – HAA Office
Sponsored by:
Classic Touch Painting & Maid of Honor

7th Meeting & Finale
Tuesday, June 16
4:30 p.m.
Sullivan’s Ringside, 4608 Westheimer
Sponsored by:
For Rent Media Solutions & Apartments.com

Show me the Money!
Recruit new members for HAA and you could win CASH! The more members you recruit, the more money you could win!

The top recruiter for new members will receive $1,200 cash and a $1,000 gift certificate for a weekend getaway.

The top recruiter for renewals will receive $1,000 cash and a $1,000 gift certificate for a weekend getaway.

Don’t risk your business: Join or renew your membership with HAA to help build your business contacts. For more information and to RSVP for the meetings, contact Lisa Butler at lbutler@haoonline.org or 713-595-0322.

Velissa Parmer, Mosaic Residential, and Bryan Head, WestCorp Management Group
Kim Small, The Morgan Group, and Dean O’Kelley, Liberty Personnel/Executive Search

Angie Lavrack, Southampton Management; Kathy Moriarity, Greystar; and Amber Harris, Resident Data
Carol Marple, For Rent Media Solutions, and Marsha Hollis, The Morgan Group

Starla Turnbo, SMI Realty, and Becky Sanders, Apartments.com
Mark Park, AAA Plumbers, and Patrick Sheahan, Sherwin Williams

Carina Bryars, Greystar; Andrea Winans, Bishop’s Office Needs; Dixie Caldwell, Apartments.com
Lisa Grimes, D&C Contracting, and Michelle Gates, Greystar

Michelle Ybarra, GFI Management, and Laura Lestus, Liberty Personnel/Executive Search
Renewing members Glenda Jeffcoat and Beth Varney, RPM Daily Services

Izzy Carza, ICI Paints, and Chris Espinoza, Ygnition Networks
Tony Whitaker, FSI Construction, and Clark Gregg, The Morgan Group

Francis Property Management
Smoking bans are becoming more popular nationwide, but would such a rule in an apartment community constitute an invasion of privacy?

By KIM ANDREADIS, Marketing Path LLC and www.multifamilyinsiders.com

There are some ongoing efforts to make cigarette smoking illegal in apartments. Many non-smokers are determined to pass a law to this effect. Smokers claim that this is an invasion of privacy. They say that cigarette smoke is airborne like many other agents. Should these other airborne agents also be illegal? What if a neighbor cooks something with a strong and distasteful aroma? If a neighbor has a cold or flu, should they be restricted from their apartment until they have fully recovered? Where would they go? Where does cigarette smoking fit in the realm of these other activities?

If you rent to a smoker, it is likely that eventually that person will smoke in the apartment, or a guest will smoke, regardless of your policy. To be fair, if a law is passed it should target what is offensive about smoking. Smoking does the following things:

1. It affects the apartment (smell and residue).
2. It is injurious and a health risk to the neighbor (via second-hand smoke).

If we pass a law, we should pass a law specifically against these two fundamental infringements. This will address any other infringements that are similar and make the law fair. Otherwise the law targets a specific group of people and may be construed by some as a human rights violation. Those of us who experience second-hand smoke from others feel that they are violating our human rights – our right to be healthy.

A PERSONAL PERSPECTIVE

I am not a smoker. I have a daughter with asthma who was hospitalized and critically ill. This experience heightened my awareness of respiratory illness and the related threats. I am not in favor of cigarette smoking or anything that is injurious to someone’s health. I have a strict policy and do not allow cigarette smoking in my home, yet I wonder if rules and policies against smoking will prevent smokers from pursuing their addiction.

I will never forget when we had guests during the winter holidays. One morning at 2 a.m., I couldn’t sleep, and I decided to go the basement to do laundry. As I descended the dark staircase, I heard a shuffling noise and froze. Mentally I reviewed all the possible sources: burglar, animal, terrorist? Whatever it was, I wasn’t eager to find out but forced myself to keep going. I dropped the laundry and picked up one of my husband’s golf clubs. I whipped open the door to the crawl space with my free hand poised to attack the intruder.

You can imagine my surprise when I saw my elderly parents crouched down with cigarettes in hand and sheepish grins on their face. It was all I could do not to laugh, but they were already pretty humiliated; they knew about my no-smoking rule. Do my parents exemplify those smokers who choose not to quit and will go to extraordinary means to continue smoking?

This is a very delicate issue that really involves personal rights, property damage and existing policies. While it is all being sorted out, I am hopeful that the developers of new buildings will provide adequate ventilation, that air purifiers will be considered as a deterrent and that health education programs will be escalated. Non-smoking programs and other health information could be promoted in our newsletters on-site.

SEPARATE SPACES?

What about reserving specific buildings for smokers? For example, if there is an apartment available in a non-smoking building and the only immediate prospects are smokers, the owner may have to eat the rent loss in favor of maintaining the integrity of the building and the promise to non-smoking residents. Maybe I should designate an air-purified area with a lot of ventilation in my home where my parents and other valued family and friends could smoke?

If the policy dictated that you either had to be restricted to certain buildings or areas in the community or could not smoke in your apartment would that be OK with you? If you are not a smoker, will your smoking friends comply? I bet if we took a poll, the vote would be 50-50. Is a non-smoking rule enforceable? Can you ban cigarette smoking in apartments? Ask around and see what people think in your community.

For more viewpoints on this topic, visit http://tinyurl.com/cy7xhm and www.mysmokefreehousing.org.

Kim Andreadis is founder and strategist at Marketing Path LLC, http://marketingpath.net. She also blogs for Multifamily Insiders at www.multifamilyinsiders.com, where this article originated. Prior to forming Marketing Path, she worked in sales management, training and marketing with property management companies, owners and developers.
Put your prospects under a microscope.

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Resident Credit Reporting data can nip your problem in the bud by alerting you if a prospect has an unfavorable history. We offer 24/7 Web access, responsive customer service and a uniquely thorough local database with access to national information.

Together with national partner First Advantage SafeRent, RCR provides its services starting at **30 cents per unit, per month for unlimited usage**, not a per-inquiry fee like other screening services. That price includes access to applicants’ rental histories, criminal histories, inquiry histories so you know who else has been asking and more – and it’s all available 24/7 with immediate, online access (surcharges apply for phone access during regular business hours).

Our clients tell us **RCR is the best source of bad debt collection available.** Help us help you by reporting your move-ins, move-outs and evictions for **FREE. The cost to report is nothing, but the returns are substantial.** The more data you enter, the more skippers we can catch – and that’s good for everyone in the business.

RCR is just one more benefit made available to you by membership in the Houston Apartment Association. Our rental history and eviction information will give you the upper hand. Become a subscriber today to boost your bottom line and greatly increase your collection of bad debt.

For more information, contact the RCR department at 713-595-0345 or rcr@haaonline.org.
Here to Help

Ambassadors spread the good word for HAA and ask what we can do for you.


Congratulations to Michelle Pahl for winning a door prize. From left: Co-captain Dean O’Kelley, Liberty Personnel/Executive Search; Michelle Pahl, Century A/C Supply; and Co-captain Andrea Winans, Bishop’s Office Needs.

AMBASSADOR VIPS

This list reflects the number of monthly exchanges completed by each Ambassador. Ambassadors listed in bold reached new achievement levels at press time.

HALL OF FAME
700
Patrick Sheahan
500
Julio Garcia
400
Rashann Fontenot
300
Barbara Brett
250
Michael Flores
150
Mary Estrada
100
CHRISTINE MOHIB MEMORIAL AWARD
25
Stephen Abila
20
NORA KRAKOWER LIFETIME AWARD
15
Mary Estrada
10
Karl Heinrich
5
Andrea Dunlop
3
M.J. Featherston
2
Andre Gonzales
1
Heather Wiesner

AVPs

700
Patrick Sheahan
500
Julio Garcia
400
Rashann Fontenot
300
Barbara Brett
250
Michael Flores
150
Mary Estrada
100
CHRISTINE MOHIB MEMORIAL AWARD
25
Stephen Abila
20
NORA KRAKOWER LIFETIME AWARD
15
Mary Estrada
10
Karl Heinrich
5
Andrea Dunlop
3
M.J. Featherston
2
Andre Gonzales
1
Heather Wiesner


Want to know more? Log on at www.haaonline.org

Congratulations to Michelle Pahl for winning a door prize. From left: Co-captain Dean O’Kelley, Liberty Personnel/Executive Search; Michelle Pahl, Century A/C Supply; and Co-captain Andrea Winans, Bishop’s Office Needs.
Producers from the Featherston-Grimes-Gomez Team:
Back row: Jacob Kunath, Century A/C Supply; Israel Garza, ICI Paints; Co-captain Lisa Grimes, D&C Contracting; Tony Francis, AFLAC; Patrick Brothers, Century A/C Supply; Jason Jinks, Star Insurance; Josh Carter, Kwal Paint; Co-captain Fernando Gomez; Century A/C Supply; Ray Granda, Summit Revitalization Group; Maika Amador, Brown Wholesale Lighting; and Joey Pennington, Ran-Mar Sales & Services. Front row: Jessica Tollett, Century A/C Supply; Co-captain M.J. Featherston, Access Electric; Crystal Sanchez, Apartment Data Services; Laura Lestus, Liberty Personnel/Executive Search; Alex Townsend, Orkin Pest Control; Co-chair Laura Collins, Classic Touch Painting; and Co-chair Peggy Charles, Taylor Contracting.

Producers from the Estrada-Hill-Parker Team:
Back row: Chris Passe, HD Supply; Co-captain John Hill, HARCO Insurance; Jay Pluff, Absolute All Sport; Kimberly Flores, Hire Priority Staffing; and Jeff Edens, Performance Promotional/Printed Products. Middle row: Jimmie Hotz, HD Supply; Janet Dorsett, Phonoscope Cable; Marivel Villanueva and Kristi Riddle, Hire Priority Staffing; Co-captain Sandra Parker, Apartment Finder; and Co-chair Laura Collins, Classic Touch Painting. Front row: Debra Knight, Liberty Personnel/Executive Search; Co-captain Mary Estrada, Certified Recovery Systems; and Co-chair Peggy Charles, Taylor Contracting.

Producers from the O’Kelley-Park-Winans Team:
Back row: Beth Varney and Glenda Jeffcoat, RPM Daily Services; Jason Nave, Pittsburgh Paints; Co-captain Andrea Winans, Bishop’s Office Needs; Brandon Bridwell, Camp Construction Services; Co-captain Dean O’Kelley, Liberty Personnel/Executive Search; Wesley Marshall, Roofing Analytics; and Michelle Pahl, Century A/C Supply. Middle row: Nicole Oldfield, Hardman Signs; Patrick Sheahan, Sherwin Williams Co.; Barbara Brett, McBride Electric; Brad Smink, Pittsburgh Paints; Rick Rodriguez, Venturi Technologies; and Co-chair Laura Collins, Classic Touch Painting. Front row: Co-captain Mark Park, AAA Plumbers; Tatia Adams; and Co-chair Peggy Charles, Taylor Contracting.
NEW CONSTRUCTION

In May, Greystone Asset Management opened Hawthorne Ridge, 260 units at 3300 N. Loop 336 West in Conroe.

Milestone Management has opened the Legacy at Memorial, 330 units at 3131 Memorial Court.

United Apartment Group plans to open Cypress Creek at Reed Road, 132 units at 2910 Reed Road, at the end of this month.

Asset Plus anticipates a summer opening for the Lakeview Lofts, 366 units at 17827 Lakecrest View Drive in Cypress.

PROPERTY CHANGES

Asset Plus has been awarded management of the following properties:
Broadmead Apartments, 235 units at 2801 Broadmead
Somerset Place, 190 units at 5757 Guhn Road
Carrington Court, 111 units at 7900 Westheimer
Beacon Hill, 86 units at 1715 Enclave Pkwy.
Cypress Ridge, 268 units at 2331 Bammelwood Drive
Milagro Plaza, 235 units at 6500 Dunlap
Avalon Bay, 220 units at 925 Northwood in Baytown
The Cedars, 128 units at 403 Longmire in Road in Conroe
Gladstell Forest, 168 units at 1000 Gladstell in Conroe
Deerbrook Forest, 152 units at 17750 Hwy. 59 North in Humble
The Place at Green Trails, 275 units at 1111 Houghton Road in Katy.

Greystar has assumed management of the following properties:
Platinum Westside, 258 units at 2150 Katy Fort Bend in Katy
Greystar West End Ranch, 312 units at 14402 W. Bellfort in Sugar Land
Domain at Kirby, 370 units at 1333 Old Spanish Trail
Domain at City Centre, 370 units at 811 Town and Country Blvd.

Heinbocke Management now operates the Oakhaven Apartments, 48 units at 2910 Old Lane City Road in Wharton.

Oak Leaf Management now manages the Oak Falls Condominiums, 144 units at 4545 Louetta in Spring.

Integrity Asset Management (formerly Integrity Investors) now operates Ashford Court, 442 units at 12777 Ashford Point.

The Michael McBroon portfolio now includes Parkway Plaza, 145 units at 130 W. Parker Road.

Concierge Asset Management now operates Green Tree Place, 212 units at 4211 Clay Hill Drive, and the Northwoods Apartments, 200 units at 18001 Cypress Trace.

Orion Real Estate Services now manages Coral Gables, 326 units at 10522 Beechnut, and Parker Square, 176 units at 10300 Shady Lane.

Nova Property Management now operates the Cedar Branch Apartments, 236 units at 1217 Blalock.

LBK Management now operates the Mosaic 5925 Almeda North Tower, 99 units at 5925 Almeda Road.

Pinnacle now manages Kensington Club, Phase II, 135 units at 14222 Kimberley #485.

AA Realty now operates Park Hollow, 170 units at 4343 S. Shaver in Pasadena.

COMPANY CHANGES

Falcon Pointe Apartments in Rosenberg has a new office number, 281-232-0606, and a new fax number, 281-232-0612.

Brady, Chapman, Holland & Associates has relocated. The new address is 10053 West Gulf Bank, Houston 77040. Phone and fax numbers are the same, but the P.O. Box address is no longer valid.
IN THE NEWS

**Kealma Painting** has relocated and has new contact information:
Address: 600 Century Plaza Drive #C110
Phone: 281-821-6700
Fax: 281-821-6787

**HiServices** has a new mailing address:
13280 Northwest Fwy. #F378
Houston 77040-6003

**Performance Promotional & Printed Products** has relocated. The new address is 7100 Ertel, Houston 77040.

**PEOPLE ON THE MOVE**

- **Alison Hall** is now director of Camden’s new contact center.
- **Mary Alexander** and **Rashann Fontenot** have joined the For Rent Media Solutions team as account executives.
- **Michelle Rhone** is now vice president of operations for Kaplan Management.
- **Marivel Villanueva** has joined Hire Priority Staffing as a regional account manager.
- **Jeanne Marie Zublin** has joined the management team at GFI.
- **Staci McMillan** is now a property supervisor with Arbor Property Management.
- **Rodney Bryant** is the new multifamily representative at Service Concepts.
- **Linda Whitney** is the new marketing coordinator at United Renovations.

**NEW ARRIVAL**

Congratulations to HAA’s own **Aimee Arrington** and husband, **Rick**, on the birth of **Benedict Richard Arrington** on May 6.

**CONGRATULATIONS**

We congratulate **The Morgan Group** and **Wallace Garcia Wilson Architects** for earning the 2009 Landmark Award for Multifamily Project of the Year for The Core, a 326-unit mid-rise apartment property located at 3990 Washington Ave. Finalists include the Millennium-Greenway, developed by **The Dinerstein Companies** and designed by **Meeks + Partners**, and the Cosmopolitan, an apartment tower developed by **Randall Davis**. The Landmark Awards, presented annually by the Houston Business Journal, recognize properties that enhance the look, feel and image of the city.

Share your good news with us: Send it to comm@haaonline.org!
OWNER MEMBERS

5414 Partners Ltd.
John Garnett
5414 Elm St.
Houston, TX 77081-4100
713-661-7500

Belle Resources Limited
Holly Hankins
c/o Augusta Meadows Apartments
24215 Kuykendahl Road
 Tomball, TX 77375-5330
281-351-5659
Augusta Meadows Apartments
Referred by Debbie Andreozzi

BiCheng Property Solutions
William England
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Houston TX 77066
321-681-9191

Margaret Burke
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Tomball, TX 77377
281-357-4175
Referred by Del Walmsley

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Houston, TX 77098-3050
713-622-2111
Brian Cweren Properties

Dimension Investment Solutions
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713-205-4392

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Tony Samper
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281-355-9100
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Bio-Techs
Mary Garcia
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Houston, TX 77023-5261
713-377-4400
Cleaning Specialties
Cleaning Specialties-Trauma
Cleaning Specialties-Biohazard

d’lish Catering Inc.
Mandy Bennett
10227 Kirkwood Drive
Houston, TX 77089-1033
832-594-5955
Caterers
Party Planning Service

Demolition & Construction Services
Monica Zelaya
421 Eichwurzel Lane
Houston, TX 77029
713-426-0513
Remodeling & Repair-Building Contractors

Ferrari Merchants
Crystal Sulzer
12703 Peddlers Court
Tomball, TX 77377-8196
281-598-2133
Credit Card Merchant Services
Credit Card Processing

Glacier Exteriors LLC
Tim Mazurkiewicz
1017 Marina Bay Drive
Kemah, TX 77565-2452
281-535-2000
General Contractors

HandyTrac Key Control
Bill Pierce
16990 Dallas Pkwy. #206
Dallas, TX 75248
972-380-9878
Keys
Security Control Equipment/Systems

Heavenly Works Construction
Doug Schmitz
5381 Memorial Drive
Houston, TX 77007
281-808-2627
General Contractors
Referred by Andrea Winans

Leedo Cabinetry
Kevin Jewell
10707 Corporate Drive #250
Stafford, TX 77477
281-201-0900 ext. 5032
Cabinets
Countertops

McKenzie Drake LLC
Suzanne Carpenter
5161 San Felipe #320
Houston, TX 77086-3640
713-823-0818
Corporate Housing
Apartment Locating

Meerkat Construction & Roofing
Corey Greer
16355 Royal Mile Lane
Houston, TX 77084-2837
281-763-6002
General Contractors
Roofing Contractors
Referred by Dixie Caldwell

Merchant’s Choice Card Services
Kelly Lesser
10406 Lake Road
Houston, TX 77070-1621
281-290-4100 ext. 2
Credit Card Merchant Services
Credit Card Processing
On-Site.com
David Hearn
1403 Sweet Grass Trail
Houston, TX 77090-1844
281-734-4900
Resident Screening Services
Advertising-Internet
Credit Report Agencies

Panina Inc.
dba JA Construction Services
Shawn Webb
5421 Alpha Road #100
Dallas, TX 75240-2518
972-392-1669
General Contractors
Fire/Water Damage Restoration

The Partnership Identification
Specialists & Supply Inc.
Howard M. Huffstutler
1617 Fannin #3015
Houston, TX 77002-7643
713-695-9928
Private Investigator

Quick Roofing
Carol Metcalf
331 W. 1st St.
Freeport, TX 77541-5703
979-871-9090
Building Contractors
Roofing Contractors
Referred by Michael Mucasey

Simple Movers
Paul Treske
738 West Hurst Blvd.
Hurst, TX 76053-7600
866-767-5348
Movers
Moving Supplies
Referred by Kurt Gilpin

Summit Revitalization Group
Raymond Granda
14911 Wunderlich Drive #311
Houston, TX 77069-2056
832-282-2578
General Contractors
Roofing Contractors
Referred by Alan Jones

Truly Nolen Pest Control
Justin Ostrom
15309 A Gulf Fwy.
Houston, TX 77034
281-922-1780
Pest Control Services
Termite Treatment

Tome Development Company
Thomas Mouton
8523 Owen Lake Court
Houston, TX 77095-4773
713-302-9377
General Contractors
2009 Maintenance Mania
National Championship Qualifying Awards
1st Place
Carlos Gallo, Camden
2nd Place
Scott Heffernan, Post Properties
3rd Place
Don Reitmeyer, Orion Real Estate Services

Event Awards
Blind Tool ID
1st Place
Ismael Benitez, Tarantino Properties
2nd Place
Oscar Comio, Guardian Equity
3rd Place
Ronnie Perry, TVO Groupe

Lockset Installation
1st Place
Emmanuel Benitez, GFI Management
2nd Place
Wilber Hernandez, Greystar
3rd Place
Lloyd Schafer, Summit Asset Management

Faucet Installation
1st Place
Don Reitmeyer, Orion Real Estate Services
2nd Place
Miguel Vega, Orion Real Estate Services
3rd Place
Jose Arrendondo, Orion Real Estate Services

Appliance Repair
1st Place
Ronnie Perry, TVO Groupe
2nd Place
Eric Moore, GFI Management
3rd Place
Roy Ladesma, Post Properties

Toilet Repair
1st Place
Cristian Lopez, Tarantino Properties
2nd Place
Jose Fuentes, Camden
3rd Place
Roberto Guzman, GFI Management

Screen Repair
1st Place
Sergio Resendez, Michael Stevens Interests
2nd Place
Carlos Gallo, Camden
3rd Place
Jose Fuentes, Camden

Fire Safety Installation
1st Place
Rudy Moya, Greystar
2nd Place
Scott Heffernan, Post Properties
3rd Place
Rodolfo Rodrigues, Eagle Creek

Racecar Competition
1st Place
Roberto Guzman, GFI Management
2nd Place
Edwin Barrios, Hetting Management
3rd Place
Manuel Garcia, Francis Property Management
Seminar and Event Sponsors

National Event Sponsor
HD Supply

Seminar Sponsors
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Lunch
Century A/C Supply

Blind Tool ID
Ameristar Screen and Glass

Lockset Installation
Hire Priority Staffing & Executive Search

Faucet Installation
Best Plumbing

Screen Repair
BG Personnel Services

Appliance Repair
Maintenance Supply Headquarters

Toilet Repair
Ran Mar Sales & Services

Fire Safety Installation
Brown Wholesale Lighting

Racecar Competition
Classic Touch Painting, Sherwin Williams

Photos by MARK HIEBERT, Hiebert Photography
The 13th Annual Challenge Cup tournament pitting the Houston Apartment Association vs. the Apartment Association of Greater Dallas was held on April 30 and May 1 at Walden on Lake Conroe. Dallas was the winner of this year’s tournament. The score between the two teams now stands at seven wins for Dallas and six wins for Houston.

It was 13 years ago that Kirk Tate, Orion Real Estate Services, and John Cullens, Apartmentcareers.com, came up with a new event to raise money for the National Apartment Association Political Action Committee – a Houston vs. Dallas golf tournament. Sixteen players from each city compete against each other in a Ryder Cup-style tournament.

Between HAA and the AAGD, more than $200,000 has been raised in player and sponsor registration fees for the NAA PAC. This year, Maintenance Supply Headquarters stepped forward to be the new title event sponsor.

This event would not be possible without the financial support from the following sponsors:

**Tournament Sponsor:** Maintenance Supply Headquarters

**Team Sponsors:** Capture the Market

**Event Sponsors:**
- Apartments.com
- BG Personnel Services
- Camp Construction Services
- Century A/C Supply
- HD Supply
- MAB Flooring Inc.
- TXU Energy
- Wilmar

**Players:** Jody Batdorf, J Turner Research; Stephen Beltran, TVO Groupe; Brandon Bridwell, Camp Construction Services; Roger Camp, Camp Construction Services; Dwain Capodice, HD Supply; Kenyon Carroll, Maintenance Supply Headquarters; Corbin Haley, Central Management; David Hemenway, Rasa Floors; Terry Henry, Chancellor Property Management; Larry Hill, Sumar Realty; Stacy Hunt, Greystar; David Koenig, Camp Construction Services; Laird Sparks, Greystar; Derek Steele, Hamilton-Steele Outdoor Accents; Kirk Tate, Orion Real Estate Services; Kevin Williams, Wilmar; Cary Wright, Maintenance Supply Headquarters
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Standard Lease Contracts, Forms & Books*
HAA members can access the most comprehensive lease available in the industry, along with more than 30 different forms. Also available to members is the TAA Redbook containing state and federal statutes and governmental rules that affect all rental housing in Texas. For more information, contact Form Sales at 713-595-0317, e-mail forms@haaonline.org or order online at www.haaonline.org.

Legislative Information
Continual updates that keep our members apprised of pending legislation. Staff members are available to answer questions about the state and federal laws and city ordinances. Contact the Government Affairs Department at 713-595-0303 or 713-595-0302 or e-mail govtaff@haaonline.org.

Resident Relations and Helplines
Free assistance to all member apartment personnel who have questions or need advice when dealing with residents. Community service for residents to help resolve misunderstandings concerning the lease, application and security deposits. For assistance, contact Resident Relations at 713-595-0300 or e-mail resrel@haaonline.org.

Surveys/Statistical Data*
An annual salary survey is downloadable from the HAA Web site and available only to members. A leasing and occupancy survey is published twice a year in ABODE magazine for spring and fall.

Education Programs*
From entry-level leasing and sales technique, to executive-level training in human resources and marketing, there is truly something for every multi-family professional through the Education Department. Ranging from three hours to six months in duration, training programs are available throughout the year and cover every discipline. Additionally, the six designation programs from the National Apartment Association are also offered for those professionals looking to set themselves apart in a competitive industry. Education grants are also available for certain programs. For more information, contact the Education and Meetings Department at 713-595-0319 or 713-595-0314, e-mail educ@haaonline.org, or register for programs online at www.haaonline.org.

Committees & Clubs
Members volunteer to work side by side with industry peers in more than 20 activities that help the association accomplish its goals and objectives. Pictures of volunteers are featured in ABODE magazine every month. For more information, contact Member Services at 713-595-0322 or e-mail members@haaonline.org.

ABODE Magazine
HAA’s premier monthly publication – 80 pages of interesting, informative articles from industry insiders covering rental housing trends and tips to help reduce the expense of day-to-day operations. A regular bi-annual report on rental rates and occupancy statistics is published in the spring and fall. For more information, contact the Communications Department at 713-595-0333 or 713-595-0334 or e-mail comm@haaonline.org.

Directory & Buyer’s Guide
An annual listing of all member owner/management companies, properties and companies that supply products and services to the rental housing industry is available to HAA members only. One copy is mailed to each member, including each property, in January. For more information, contact the Special Services Department at 713-595-0306 or specserv@haaonline.org.

HAA Online
Online form sales, event calendar and registration and job listings provide members with a direct connection to HAA services. All member company Web site addresses have hyperlinks where permission has been granted. This offer is free to all members. For more information, contact the Communications Department at 713-595-0300 or e-mail webmaster@haaonline.org.

Resident Credit Reporting Service (RCR)*
Powered by First Advantage SafeRent
This is an optional service for an additional charge. RCR has partnered with First Advantage SafeRent, the nation’s leading and most innovative provider of screening services, to expand its suite of resident screening services currently available as an exclusive HAA membership benefit. RCR partnered with First Advantage SafeRent to provide leasing staff more screening resources to make consistent, accurate, and Fair Housing compliant leasing decisions. Local rental history (including evictions, skips and move-in and move-out data), nationwide rental history and landlord-tenant records, broader criminal data and retail credit reports are available in a quick and easy-to-use Web-based application with instantly delivered results. For more information, contact Resident Credit Reporting at 713-595-0330 or 713-595-0329 or e-mail rcr@haaonline.org.

*These benefits are in addition to your membership fee.
The chances of overall rent levels going more negative than 2 to 3 percent will be based on concessions becoming more widespread in Class B. If this occurs, overall rent levels could retreat by 3 to 4 percent. The lower end of Class B, also known as B-minus, as well as Class C, should be cushioned from the concession frenzy, allowing these properties to realize more stable occupancy and rent levels.

**WHAT IS AN REO ANYWAY?**

For those of you who are into classic rock, you might quickly think of REO Speedwagon, but it is not, even though their ’70s hit “Ridin’ The Storm Out” is very apropos to describe what REOs do.

REO is an acronym for Real Estate Owned. This term relates to an asset such as an apartment property, an office building or a single-family home that has been foreclosed on and taken back by the lender. Lenders are not in the business of handling distressed assets, so they turn to special servicing companies to manage and dispose of their REO assets.

REOs were rampant during the last real estate bust in the late 1980s. Unfortunately, they’re back! How did this happen? Well, it is the apartment industry’s version of the subprime mess that has plagued the single-family industry. The problem that apartment owners face is that whatever underlying assumptions or basis used to build or buy properties since 2000 does not make financial sense anymore.

Cap rate compression during this time created artificially high valuations. Plus, the repackaging of apartment mortgages as securities by Wall Street, along with mezzanine financing, has put properties in an over-leveraged position. Many properties cannot keep up with debt service and/or cannot refinance due to their financial position. Services are popping up all over to track how these properties are performing on their loans as they progress from current to delinquent to default and finally to REO.

Remember how long it took to get to Oz and all the problems and hassles encountered along the way. The coming REO crisis in the apartment industry of managing and disposing of distressed assets will more than rival Dorothy’s plight.

Bruce McClenny is president of Apartment Data Services and has been active in the multifamily industry and HAA since 1983. HAA endorses ADS’s Market TRAC and market reports. For more details, call 281-759-2200 or see www.apartmentdata.com.
General Membership Meetings*
Supplier members can take part in face-to-face contact in a social setting with apartment industry personnel. Bi-monthly meetings vary from chili cook-offs and volleyball tournaments to dinner awards presentations and gala events. Average attendance is more than 250 people. For more information, contact the Education and Meetings Department at 713-595-0319 or 713-595-0314 or e-mail educ@haaonline.org.

Committees & Clubs
Supplier members can volunteer to work side by side with industry peers in more than 20 activities that help the association accomplish its goals and objectives. Pictures of volunteers are featured in ABODE magazine every month and could help you and your sales staff get recognized regularly by on-site personnel. For more information, contact Member Services at 713-595-0322 or e-mail members@haaonline.org.

ABODE Magazine
This award-winning monthly publication contains local, state and national news to keep our members on top of their profession. ABODE has a circulation of 4,000 copies every month. Advertising in ABODE will give you the consistent exposure to the Houston multifamily housing market and reinforce the efforts of your sales people. Writing an article can show expertise in your field. For more information on advertising, contact Supplier Services at 713-595-0316 or e-mail suppsrv@haaonline.org. To find out more about writing for ABODE, contact the Communications Department at 713-595-0333, 713-595-0334 or e-mail comm@haaonline.org.

Directory & Buyer’s Guide
The “yellow pages” of HAA, one copy is mailed to all members, including each property, in January. This is the primary reference source used by apartment personnel to contact HAA supplier members. Supplier members have one alphabetical and two categorical listings, with more available for a small fee. The book lists each property by address and by name and the owners or management companies. Deadline to advertise or be listed in the 2010 Directory is October 1, 2009. For more information, contact Supplier Services at 713-595-0316 or e-mail suppsrv@haaonline.org.

Education Conference & Expo*
Market your company at this annual event with more than 295 exhibitor booths and 4,000 potential clients. The show is free to all apartment community personnel and will be held at the Reliant Center. The next show is scheduled for May 2009. For more information on the 2009 Expo, contact Supplier Services at 713-595-0316 or e-mail suppsrv@haaonline.org.

Sponsorships*
Have your company name promoted by sponsoring an event. More than 120 events are up for auction twice a year allowing you the opportunity to target specific property management personnel. Auctions are held in January and June. For more information, contact Supplier Services at 713-595-0316 or e-mail suppsrv@haaonline.org.

Mailing Labels*
Continually updated, preprinted adhesive labels can increase the efficiency of mass mailings. Available in three membership categories (owners, properties and suppliers) for a nominal fee. For more information, contact Form Sales at 713-595-0317 or e-mail forms@haaonline.org.

HAA Online
Online form sales, event calendar and registration and job listings provide members with a direct connection to HAA services. All member company Web site addresses have hyperlinks where permission has been granted. This offer is free to all members. For more information, contact the Communications Department at 713-595-0300 or e-mail webmaster@haaonline.org.

Certified Apartment Supplier*
A certification program designed to educate suppliers on the multifamily industry and the day-to-day operations of an apartment property. For more information, contact the Education and Meetings Department at 713-595-0319 or 713-595-0314 or e-mail educ@haaonline.org.

*These benefits are in addition to your membership fee.

Get the HAA member logo
Highlight your company’s membership with HAA. Use the logo on your business cards, letterhead, publications, company Web site and any other communications tools and marketing collateral. Show your alliance with your local advocate for quality rental housing. For more information call HAA at 713-595-0333.

Download the logo at www.haaonline.org
Brown: They’re not going to be able to afford the rent on the renewal.

Ramsey: There’s no way they can afford the renewal. It’ll be a complete move-out. They’ll be emptying it out and starting over again.

Turnbo: I don’t think the market’s going to change that quickly, though. It’ll be 12 to 18 months before the market changes. I think we’re going to continue to see lower occupancies and rents stable at the best. They’re dropping. And more concessions.

Brown: We’re all having to give more concessions on all of ours than we have in recent months, and (we have) some properties that we’ve been able to bump rents, but that’s primarily because they were underpriced anyway. We’ve been bringing those back more in line, but renewals – getting increases on those that were below market and getting them up there, once again, that’s because they were so far below from something that happened a year ago or six months ago. … I don’t think we’ll see any market rent growth.

Ramsey: I think it’s going to be very flat, and I think – I don’t know about you guys, but when we do budgets, I think it’ll be a flat line for any income increases in 2010. I think you’d be shooting yourself in the foot, at least for my product, to be able to even remotely go to an owner and say, “Oh, we’re going to get you a 2 percent increase over last year.” We’re trying very hard to cut our expenses, but it’s very difficult to do in this time.

Turnbo: I don’t see any rent growth right now. A lot of it just is vacancy loss. If you have an 85 percent occupied property, it’s hard to raise your rents. Supply and demand – you can’t justify raising rents if you have vacancy and are giving concessions.

Ramsey: The one thing I think would help immensely in this marketplace is when you call your comps that they would be candid and honest and tell you what they have.

Brown: I still have comps that tell my manager 99 percent occupied and not doing any specials, and if they are 99 percent, they are the only ones in that entire market that is full.

Turnbo: Why say that? What’s the use?

Ramsey: That’s what got us in trouble in the ’80s. Every time we get overbuilt, it’s because what the true demographics show and what the occupancies show are two entirely different things, and that’s the information and the foundation upon which lenders are making their determination for these loans.
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The first table below displays a snapshot of the current market conditions. The graph displays the overall occupancy and effective rental rates over the past 24 months. These statistics are derived from a continuous survey of all apartment communities in the Houston region. The effective rental rates are the calculated net of concessions and utility adjustments. The second table lists the five hottest submarkets in the Greater Houston area. There are a total of 41 submarkets, and the ranking is based on the best combination of rental rate growth and absorption over the past three months. The third table distributes and analyzes concessions (specials) by classification. Concessions generally are represented by three types of specials: move-in, months free or floor plans. The effect of these specials is captured and prorated over a lease term to arrive at a percentage reduction in market or street rents.
BP MS150
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The 25th annual MS150, scheduled for April 18 and 19, had a historic moment in 2009. The Saturday Houston-to-LaGrange leg of the ride was canceled for the first time in the event’s history. Heavy rains and wind kept the riders from leaving Houston safely, so the starting line was moved to LaGrange for early Sunday morning. The HAA/Direct Energy team packed up the bikes and drove to LaGrange, and from there the team rode off to Austin and the finish line. Our riders still enjoyed first class RV accommodations and serious pampering courtesy of the wonderful volunteers. Many thanks to James Gregory, Joe Slaughter, Michelle Rhone, Karl Heinrich and Jenny Aday for taking their time to support the riders.
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